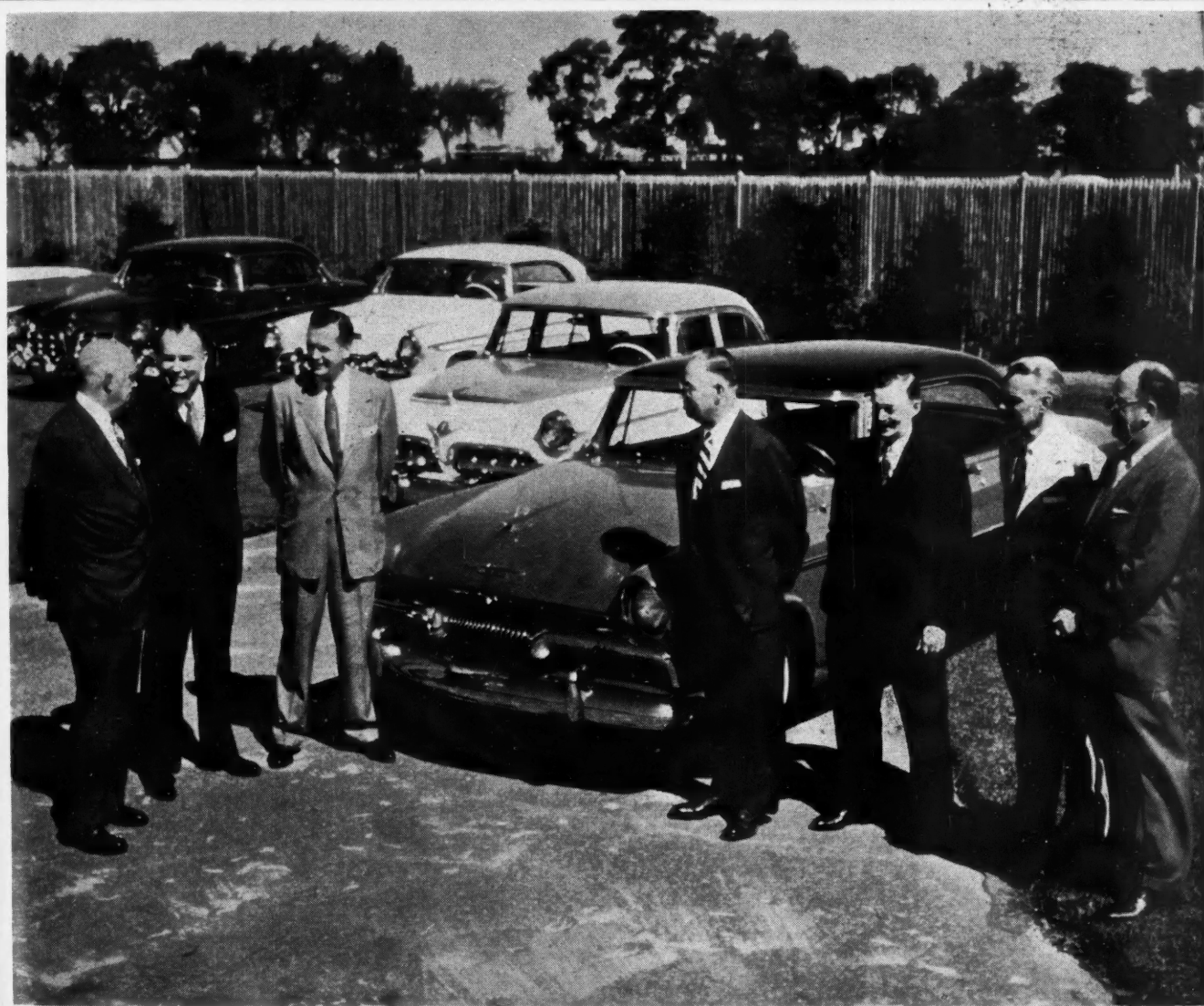


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Story on Pages 5 and 17

BUSINESS LEADERS SEE MILD UPTURN, NO BOOM

But Profit Story Will Be Dictated by Alertness to Change, Say Executives and Economists in CFM Symposium on 1955; Better Selling in Tougher Competition

Production Index to Read a Bit Higher At Mid-1955, Wholesale Index About Same as June 1954, Says Average of Forecasts for CFM by 123 Executives

JANUARY, 1955

Vol. 37 No. 1

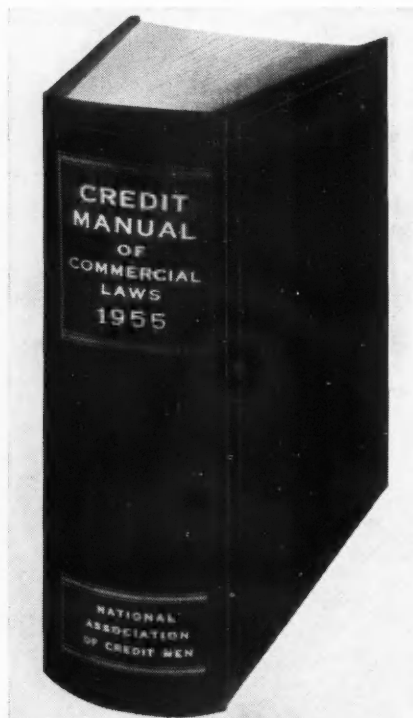
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Credit Interchange Report

OFFICES IN PRINCIPAL CITIES

----- COMPANY

-----, OHIO

DEC. 7, 1954

----- COUNTY

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BUSINESS CLASSIFICATION	HOW LONG SOLD	DATE OF LAST SALE	HIGHEST RECENT CREDIT	NOW OWING INCLUDING NOTES	PAST DUE	TERMS OF SALE	PAYING RECORD			COMMENTS
							DISE- COUNTS	PAYE WHEN DUE	DAYS SLOW	
CLEVELAND										
1117-120										
Glass	yrs	11-54	1000			1-15-30	x			
Tex	8-51	10-54	218			2-10-30	x			
Adv	yrs	11-54	11264	3549		5-15-30	x			
P&H	1947	10-54	104			2-10-30	x			
Elec	yrs	11-54	10000			1-10-30	x			
Bl'dg M	yrs	10-54	252			2-10-30		x		
PVAL	yrs	11-54	19909	10219		1-10-60	x			
Fl C	yrs	11-54	235			2-10-30		x		
P&H	yrs	11-54	300			2-10	x			
Bank	yrs					Depository account low six figures is satisfactory.				
NEW YORK-PHILADELPHIA										
1117-120										
Hdwe	yrs	9-54	529			2-10-30	x			
Hdwe	yrs	11-54	883	126		30		x		Was 60 slow
Hdwe	yrs	11-54	1309	55		2-10-30	x			
BALTIMORE										
1118-311										
Hdwe	yrs	11-54	792	195		2-10-30	x			
WHEELING										
1120-113										
Glass	yrs	10-54	500			1-15-30	x			
DETROIT										
1120-318										
I&S	yrs	11-54	3000	2187		2-10-30		x		
Ind S	yrs	9-54	2289			1-10-30	x			
KNOXVILLE										
1120-214										
H Fgs	yrs	11-54	4655	2596		2-10 px	x			
TOLEDO										
1119-287										
A Acc	yrs	11-54	597			2-10-30	x			
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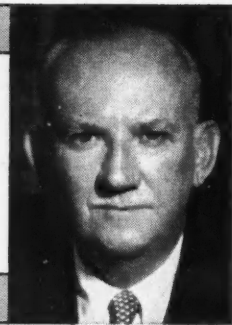
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Editorial

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A New Year's Thought

WE have been living in an age of a new world and industrial revolution for a number of years. Transportation, communications, research and scientific developments have made neighbors of all the world's people. The ambitious strive to enjoy privileges, possessions and standards of living equal to those of their most affluent neighbors. Those who do not work to earn the better way of life seek to attain it through any means irrespective of moral or humane precepts.

This world economic revolution of our day is just in its beginning. It will move with increased acceleration in the years ahead. Only a world in conflict of thought or philosophy or in military struggle can delay it. No power on earth can prevent its eventual fruition.

Wilderness forests heretofore impenetrable will be converted to timber. In the years ahead men will reap tremendous crops from virgin soil. Mines will be opened wherever mineral deposits are discovered.

People who are now on subnormal or even starvation diets will improve their living standard. The uneducated will build schools to teach their children. Primitive people are indeed the vanishing race of our day and age.

Trading will be world-wide. Commerce will enlighten the darkest recesses of untouched continents. We shall soon be neighbors all.

Backward countries throughout the globe will witness the same transformation that took place in America.

We speak of a limitation of opportunities when there really is none—nor can there ever be. The world's resources, coupled with its peoples' needs, produce opportunities with every day.

Our youth, with profit to themselves and mankind, can ponder and study this world's economic revolution. They can learn the language of other people, visit them, learn their customs, their trading habits and their philosophy of life. Those who do will find, when they reach maturity, that they are better equipped to fulfill their destiny. Not even the wildest optimist can foresee the future of the youth of the land, if they try to understand the peoples who inhabit this earth and then proceed to expand the world's commerce. Such commercial expansion and human understanding will prove a tremendous help in ridding the world of its tyrants and dictators, its suffering and hardships. People who are well acquainted usually cooperate to their mutual benefit.

The opportunities before us were never greater.

A stylized, handwritten signature in dark ink, reading "Henry H. Heimann". The signature is fluid and cursive, with a long, sweeping underline.

HENRY H. HEIMANN,
Executive Vice President

THE JANUARY COVER

HOW WELL synchronized are the Chrysler Corporation's confidence and investment in advancement of America's economy of the next decade is reflected in the discussion by Walter J. Simons, assistant treasurer, which appears on page 17 of this issue, and in the new products of the group, whose chief executives are shown on the cover with their divisions' latest words in automation.

Here are (l to r) J. C. Zeder, a vice president and director of the corporation and chief of engineering and re-



search; L. L. Colbert, president, Chrysler Corp.; W. C. Newberg, vice president, Chrysler Corp. and president Dodge Division; E. C. Quinn, v.p. Chrysler Corp. and pres. Chrysler Div.; L. I. Woolson, v.p. Chrysler Corp. and pres. DeSoto Div.; V. M. Exner, director of styling; and J. P. Mansfield, v.p. Chrysler Corp. and pres. Plymouth Div.

Mr. Colbert, quoted at intervals in CFM on the business scene of the day, helped finance his college and law school years by buying and selling spot cotton. He entered the Chrysler organization as resident attorney. For World War II he built a working force of 33,000 that produced 18,413 bombers. From president of the Dodge Division in 1945 he moved up to Chrysler Corporation president in 1950.

Associated with the corporation since its founding, Mr. Zeder was assigned in 1933 to manage the engineering laboratories.

Starting at 15 as a tool maker apprentice, Mr. Quinn turned to sales, became vice president and general manager of Chrysler Division, president 1953.

Out of the graduate school of the Chrysler Institute of Engineering, Mr. Newberg in 1947 headed the Airtemp Division, was elected Dodge president four years later.

Mr. Woolson, from chief engineer of the DeSoto Division when the new assembly plant opened in 1936, went on to vice president in charge of manufacturing, thence to president.

"Styling horizons are tremendously exciting," says Mr. Exner. He should know; many are of his own making.

Mr. Mansfield, from factory worker to association in the predecessor Maxwell Motor Co., and later manager of the Dodge San Leandro (Calif.) plant, was elected a vice president of the Plymouth Division, is now president.

CREDIT and FINANCIAL MANAGEMENT

DEVOTED TO INDUSTRY * FINANCE * COMMERCE

General Manager, Edwin B. Moran
Official Publication of The National Association of Credit Men

VOLUME 57

NUMBER 1

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☐ TO ENCOURAGE greater participation by individual U.S. companies in trade fairs abroad, which draw one to three million attendance, and so win larger international favor for American products, the Department of Commerce is urging interested businesses to participate in a survey it is conducting. Companies are asked to enter the information requested on a form worked out with the Bureau of the Budget. One question calls for indication of the fairs at which the company products will be shown this year.

International trade shows always have had a larger significance to other countries, whose buyers not only search out sellers, and vice versa, but also promote and test their products with the public.

A six-point program of the Commerce Department has these objectives: (1) Maintain an information center in Washington; (2) Give American concerns information for selection of fairs for exhibitions; (3) Establish a joint government-industry exhibit (besides the individual companies'); (4) Provide special services to the individual company exhibitors; (5) Operate a U.S. trade promotion center at the fair; (6) Have U.S. marketing specialists meet in advance with foreign business groups and individuals and at the fair, to stimulate interest in American goods displayed.

☐ INVESTMENTS abroad by American businesses and individuals have exceeded \$11 billions since World War II, \$10 billions in foreign enter-

prises they control, \$1 billion in stocks and bonds of foreign-controlled business, says the Department of Commerce. More than one-third of the investment is in the petroleum industry accounts in Canada, the Middle East and Latin America. After World War I very little of the investment was direct, most of it in securities.

Payments by U.S. companies to foreign governments in income taxes, royalties, export and import duties, and other fees, have averaged \$1 billion a year since World War II, says the Department's Survey of Current Business, and earnings of American concerns abroad have been at a yearly average of \$2.2 billions, most of which has been left with the foreign business, this attributed in part to payment for expansion.

☐ CONTRACT construction had the largest increase in the overall additions of 6,500 businesses to a total of 4,185,300 in 1953, the Commerce Department recently announced. Contract construction added 14,000 concerns in the calendar year, but manufacturing showed a decline of 5,000 (1/2 per cent). The Southeast had a 2 per cent increase, both the Far West and the Southwest 1 1/2 per cent. There was a 1 per cent fall-off in the Central States.

☐ SUBSTANTIAL tax reductions are unlikely, while resumption of inflationary practices looms strong, in the view of Sen. Prescott Bush (Rep., Conn.), though not immediate. Addressing investment bankers in Hollywood Beach, Fla., Senator Bush said moves for increased spending and reduced taxes may be expected in the new Congress.

☐ FINAL figures for 1954 may show a new post-war low in loss of time by strikes, even under the 22.9 million man-days record of 1951, judging from totals issued by the Bureau of Labor. For the first 10 months of 1954 the strike loss was 19.8 million hours, contrasted with 24.5 for the period in 1953.

☐ GRADUAL and selective tariff reduction is in the national interest, the research and policy committee of the Committee for Economic Development concludes after a year's study of arguments for and against.

The oft-heard phrase, "responsibility for world leadership," crops up again in the Committee's report, which recommends at least five-year extension of the President's trade agreements au-

Well, That's Something

With the discovery of 5,552 new but unneeded typewriters in military storage — \$680,000 item — the Defense Department turned the find over to the General Services Administration instead of offering the machines for sale to the public.

The G.S.A. thereupon ordered buyers for federal bureaus to cease outside purchasing of typewriters until this supply is exhausted. Administrator E. F. Mansure said the machines, largely Air Force holdings, were unearthed in the Defense Department cleanup operation to dispose of unneeded supplies.

thority, plus authorization to him to reduce tariff rates 5 per cent in each year of the extension, to cut any rate to 50 per cent of the import's level, "to suspend the duty on any product not produced substantially in the United States," and to pare tariffs in exchange for other kinds of concessions abroad.

¶ REDUCTION of the amount the states pay the Federal Treasury out of unemployment compensation taxes, thus cutting back the federal authority over the states' operation of their programs, has been recommended by a task force of the Commission on Intergovernmental Relations. The close decision (reportedly 6 to 5), coming despite protests by union, university and federal spokesmen, was on a recommendation to reduce, from 0.3 to 0.1 per cent of payrolls, the payments into the general fund of the U.S. Treasury—\$274 millions in the last fiscal year. Such profit would be eliminated by the task force proposal, for part of the tax proceeds would go back to states whose tax intake does not cover normal administration cost. The remainder of the 0.1% tax receipts would go into the new \$200-million emergency fund voted by Congress to make loans to states where high unemployment prevents meeting compensation commitments.

¶ AN AMENDMENT deleting a provision from a Defense Mobilization Order (VII-7) in effect clarifies a decision that the O.D.M. may deviate from the practice of current procurement award to the lowest bidder, when the deviation is judged the preferable way to maintain a sound base for mobilization.

¶ THREE-WAY trading agreements for disposal of U.S. farm commodity and coal surpluses are being initiated by a projected arrangement with Denmark by the Foreign Operations Administration. Under the plan the F.O.A. would use \$4 millions of surplus farm products to supply Denmark, which in turn would supply that amount of its own commodities to a third nation. The F.O.A. favors the plan as a medium to increase aid with a given amount of money and to help finance its program of disposal of surpluses.

The dollars to buy and ship to Denmark would be taken out of the aid allocation to the third country; Denmark would earmark the equivalent in kroner to a U.S. special account; F.O.A. would use the kroner to purchase Danish goods for the third nation.

Triangular trading in private transaction is neither new nor without its difficulties, all the way from dollar convertibility to inspection and handling of products. As a government bureau operation, however, — — — !

¶ PERMISSION to a limited number of partnerships to be taxed as corporations and some corporations to be taxed as partnerships, under certain restrictions, was written into the House-voted technical tax bill by the Senate finance com-

mittee, an idea the President had proposed in his January tax message. The House ways and means committee had vetoed it. On the other hand, the Senate committee eliminated from the House measure a section for a lower tax rate on income earned overseas by U.S. corporations.

¶ EXPENDITURE of \$48.8 millions for military construction, appropriated by Congress but awaiting detailed justification, was approved for the Defense Department by the House appropriations committee.

¶ ELIMINATION of the two per cent penalty tax on consolidated returns of railroads, telephone companies and other regulated public utilities was voted by the Senate finance committee. The penalty tax still would hold on consolidated returns filed by other corporation groups.

¶ INSTEAD of the originally recommended \$50 billion outlay for "pay-as-you-go" roadbuilding, a \$24 billion ten-year program financed over a 30-year span by revenue bonds is proposed by Gen. Lucius D. Clay, chairman of the President's advisory committee on a national highway program. Speaking in Philadelphia, General Clay

OFFICIAL TEXTS—of all mobilization agency regulations may be had, free of charge, by writing the Information Division of the agency involved, Washington 25, D.C.

THE FEDERAL REGISTER—a Government daily publication, which contains full texts of all regulations, is available from the Superintendent of Documents, also at Washington 25.

said the new proposal, to be ready for Congress this month, calls for establishment of a federal commission to issue revenue bonds in its own name, sell them, and finance construction with the receipts. He mentioned as collateral "projected and expected increases in gas tax revenues." He did not mention collection of tolls from users.

¶ ALMOST all branches of business are showing proof of growing strength, according to Walter Williams, undersecretary of commerce. He said close watch was being maintained on such unfavorable touches as the steel industry's dip of recent date, partly a seasonal matter. He added that the fact that divergent trends in business were cancelling themselves out to a considerable degree was support for his assertion that the economy already had stabilized. His report showed seasonal advances in high personal income and retail sales, underlying strength in construction and production.

Mild Upturn, No Boom

Leaders Urge Keener Insight and Coordination, and a Free Hand

A STEEL company chairman hopes "business and industry can have one more year without government interference." The head of a food corporation says "America is on the threshold of a great advance."

The executive vice president of a leading office equipment company calls for "a new concept of coordination in the revenue management team." A treasurer underscores promotion and superior service. This from a sales executive: "Extend credit to the limit of ability." A general credit manager foresees a better year for those who "have developed ways and means to make it so."

Educators—all business consultants with no time to become prisoners of either ivory or ivy towers—variously approach 1955. One is "disturbed" because "too many leaders know too little about the thinking of millions" following the "marriage of economics and politics and the long interference with natural laws." Another warns that the "good old days" are "gone for good." One says expansion, following further tax reduction, would be "the certain way to fiscal solvency." Another says our markets must be expanded by \$12 billions "to avoid deterioration in employment."

Every voice in reply to a CFM question predicts a good 1955 for businesses in step with change. Not one predicts a boom.

After noting their comment, turn to page 13 and see the forecasts of 123 executives on the July 1, 1955, readings of the wholesale price index for all commodities and the industrial production adjusted combined index. Do you agree?

\$12 Billion Larger Market: Need for Output Capacity

PAUL W. McCracken, Professor of Business Conditions, School of Business Administration, University of Michigan, Ann Arbor

BUSINESS activity will unquestionably be higher in 1955 than in 1954. Unmistakable evidences of an upturn were beginning to appear in the late fall and early winter. Retail trade was holding steady. The sharp decline in industrial production had been halted and production schedules in heavy goods lines were in many cases being stepped up.

A cessation of the inventory liqui-



Paul W. McCracken

Counterforces Equal

With inventories liquidated to a considerable degree, look for a slight pickup. Competition will keep prices down, but labor rates should increase, one offsetting the other.

J. F. Welsh

Secretary, McCormick & Co.,
Baltimore, Md.

dation, together with the fact that total government expenditures will hold about even, should assure a further rise in production through 1955.

The major question is whether this improvement can develop enough self-sustained momentum to carry business activity up throughout 1955 and on into 1956 far enough to provide a market for our enlarging productive capacity. The American economy is so dynamic that we must enlarge markets for output by \$12 billions per year in order to avoid a deterioration in employment.

PAUL W. McCracken is the author of "Rising Tide of Bank Lending" and other books. He is consultant to business corporations and a member of the advisory council, Tax Institute Incorporated; was a member of the economic policy committee of the U.S. Chamber of Commerce, consultant to the Treasury Department and the Committee for Economic Development. He taught at Berea College, Kentucky, from 1937 to 1940, joined the University of Michigan faculty in 1948.

Asks for a Year without Government Interference

CARL J. SHARP, Chairman of the Board, Acme Steel Company, Riverdale, Chicago, Illinois

I BELIEVE 1955 will be a bigger and better year for total industry because I can see no reason why those industries which have had a successful year in 1954 should do less well in 1955; and there is good reason to believe that those which were unable to complete their adjustment program in 1954 will be ready to cash in during 1955. Thus the combined prospects are for added volume of sales and higher profits.

Both Republicans and Democrats



Carl J. Sharp

f Awake to Changes



Arthur R. Upgren

are determined to use government influence to maintain high employment. Too much pressure in this direction may result in further inflation, and seriously endanger the orderly processes of adjustment that have been taking place in a free economy.

Let us hope this does not happen and that business and industry can have one more year without interference from government to establish itself upon firmer ground.

CARL J. SHARP, chairman of the board, Acme Steel Company, Chicago, started as a real estate salesman in 1909 and six years later rose to vice president in charge of sales for Tempco Manufacturing Company. He was sales manager of Cornell Wood Products Company for two years and in 1927 became president of Acme Steel. President of the Illinois State Chamber of Commerce, trustee of Glenwood School for Boys, and Illinois Institute of Technology are some of his public interests.

Strength Sans Fireworks

As to general business conditions, my feelings are: the downturn in general business conditions which began a little over a year ago is over. It is believed that upward forces in the final quarter were strong enough to average the whole of 1954 into a year of moderate business activity. Generally, prospects for all of the nation's business in 1955 are satisfactory, but certainly not spectacular.

W. R. Dunn

General Credit Manager, General Foods Corporation, in White Plains, N.Y.

Mild Upturn This Year After "Flatness" of 1954

ARTHUR R. UPGREN, Dean, The Amos Tuck School of Business Administration, Dartmouth College, Hanover, New Hampshire

IN the annual rate of out-turn of all goods and services in the United States there was in 1954 a $3\frac{3}{4}$ per cent decline from the \$370 billion record high level of gross national product reached in 1953. The cause of the decline was entirely to be found in an \$11 billion decline in the annual rate of national expenditure for defense purposes and in that share of the reduction in inventories—about \$3 billions which was appropriate to this reduced outlay of the Federal government for national security purposes.

During the year there was some additional reduction of investment in inventory fully offset by the rise in expenditure for consumer purposes, for housing, and for the purposes of state and local government.

The recession will probably "saucer out" in 1955, which means a mild turn upward after the flatness of 1954.

Defense expenditure reduction is now coming at a slower rate, and there is moderate increase in total capital investment. This leads to a rise in consumer incomes; therefore a steady rise in consumer expenditures can be expected. Perhaps a recovery to the 1953 levels of total output will be made by the end of 1955. This will not improve prices, because the ability to produce more is able completely to quench any price-rising tendencies.

Economic policy should embrace further advantageous tax reduction made possible by further defense expenditure reduction and by the desirability of giving the economy this stimulation to get off the dead-center of 1954. If further tax reduction is thus given, the economy can be expected then to move into a further period of expansion and growth with marked certainty. It is that very expansion and growth which can enlarge the total tax base so that the final deficit will be less under this policy than under a policy of retain-

(Concluded on page 12)



Raymond Rodgers

Good Year, But No Boom; Rough Competition Ahead

RAYMOND RODGERS, Professor of Banking, Graduate School of Business Administration and in the School of Commerce, Accounts and Finance, New York University, New York City

1955 will be a good year for companies which measure up to the changed conditions that prevail in the buyers' market.

The moderate upward trend which got underway in business during the fourth quarter of 1954 will continue into 1955. This improvement, however, should not mislead businessmen into expecting a revival of the boom conditions of 1953. Even if we should return to those overall levels of business activity, the buyers' market will still be the predominant factor in business, and competition will be rough.

So, don't waste time pining for the "good old days"—they are gone for "good," barring war, the danger of which has greatly receded in recent months. Someday, we'll have another boom—but the 1953 boom should be viewed as merely a historical record!

There is no new economic force on the near horizon powerful enough to generate a sharp upward movement in the face of declining defense expenditures, declining capital expenditures, increasing production capacity (in some cases larger than present effective demand), increasing competition from abroad, and the disap-

(Concluded on page 12)



Kenneth J. Forshee

Better '54 Selling Pattern Is Needed to Avoid Drop

KENNETH J. FORSHEE, General Credit Manager, Pacific Coast Branch of National Lead Company, San Francisco, California

IN 1955 business will be good for the good businessman. It will be better for the businessman who has developed ways and means to make it better than 1954.

If we follow the same pattern as 1954 in the absence of new ideas—new approaches—accelerated paces, then it is quite likely we can expect a decline in sales from 6 per cent up, depending upon the degree of our lethargy.

A salesman said to me the other day: "If you had to sell these guys you'd see how tough it's getting to get an order—to keep a customer."

I replied that I well understand because collections are tougher too. Over the years I have found that when competition gets keener, collections are also more difficult.

In order to maintain our position in sales, management must consider many things: better products, better salesmen, and better tools to do the job.

In many organizations, management have already strengthened their credit departments commensurately with their sales force. Some have gone a step beyond. They have found that sales *can* be increased through the doors of the credit department. Others have been passing up a good bet, not fully aware that their credit manager can and should be a good sales engineer.

If management will get the right

man for the job, give him the proper tools, adequate staff and sufficient support, sales can be increased through this medium. This is what I call "back door" selling. The salesman enters the front door—the customer is on guard, usually, full of sales resistance. The credit manager as a friendly business counsellor figures out a way to increase the customer's volume. In effect, this is "back door" selling which could not be accomplished by the sales staff.

As we view the business horizon for the coming year, we should ask ourselves: "What gimmick do I have this year to open the customer's door a little wider? Have my sights been properly set to wind up the year with a better profit?"

KENNETH J. FORSHEE, National Lead Company, Pacific Coast branch, San Francisco, has been in credit work since 1934. Prior to advancement to general credit manager last year he was credit manager of the southern division at Los Angeles. A past president of the Building Material Dealers Credit Association and the National Institute of Credit, Los Angeles chapter, he has been an instructor in credit at the University of Southern California extension division the past four years.

Production Going Up

I believe competition will be keener, reducing the price index. Production will be up, increasing industrial production.

J. H. Moses

Secretary, Rothenberg & Schloss Cigar Co., Kansas City, Mo.

Better Understanding of Changed Economy Urged

DR. PRESTON H. SCOTT, Associate Director of Business Services and Professor of Management, School of Business Administration, Wayne University, Detroit, Michigan

IN looking ahead to 1955—for that matter, a span of five to eight years—I find no reason to question the stability of our economy. Assuming that the present relations with the rest of the world remain about the same, we may expect a gradual rise in our gross national income and our gross national product—a condition which is bound to find reflection in a slowly rising standard of living.

However, I am concerned about a quite different thing. So-called top

Construction A Prop

Building will hold up the average of Industrial Production.

R. F. Lundeen

Asst. Secy.-Treas., Grand Rapids Hardware Co., Grand Rapids, Mich.

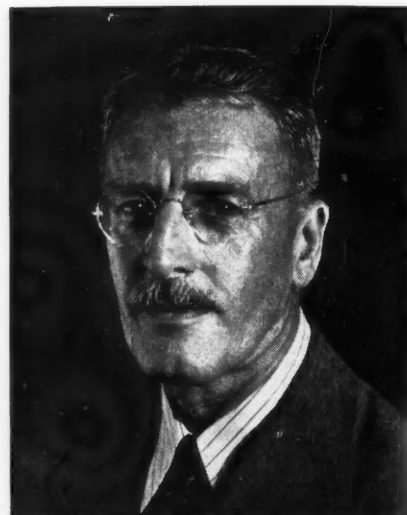
management in this country in too many instances has been schooled in a period covering depression, war and inflation. We know too little about the marriage of economics and politics and the effect a long period of interference with natural economic laws has produced upon the thinking of millions of people.

Top management too often thinks in terms of developmental programs for those under it, forgetting that proper understanding and climate can come only from above.

My concern therefore is that if we are going to operate intelligently in this future that spreads before us, we must pause, perhaps go back to school, or at least find some way to develop a better understanding about the changes that have been and are occurring in our economy.

So while I am not disturbed at all about the economy I am disturbed about the thinking too many business leaders are using.

PRESTON H. SCOTT, besides being adviser on Wayne University's banking and finance curriculum, doubles as business consultant and public speaker on current economic problems, management development and human relations in business. He has served as a member of the president's staff, Wayne University, in charge of community relations. Earlier he was chairman of the division of speech, Purdue University, 1922-27.



Preston H. Scott

Faulty Collection Plan Can Drive Good Business Away

B. F. COLLINS, Vice President in Charge of Sales, Warner Hardware Company, Minneapolis, Minnesota

THERE is going to be a large volume of business transacted in 1955, so our first thought is that we must be prepared throughout the year to do business as usual.

As the majority of all business is transacted on credit, it is necessary that every credit department give each credit transaction a most intelligent decision. With the credit facilities that we have today, such as our credit interchange bureaus, other credit reporting agencies and the interchange of credit information through trade groups both in the local and national association, we are in excellent position to render healthful decisions on credit problems that pass over our desk.

Then, after the orders have been approved and placed on the books, the credit department must gear its operation so that the accounts will be paid within the shortest possible time. In doing this we must be careful that we install a collection procedure that will obtain the desired results through a broad plan of selling the customer on paying within terms, and not drive good business away.

Occasionally, we shall have to assist a customer over a rough spot where his credit standing warrants, but as a whole the majority of our accounts can be cleared within terms or a reasonable time thereafter if they are properly and intelligently followed up.



B. F. Collins

I look for business to be as good in 1955 as it was in '54. Of course, some lines are going to do better than others, and in that case it is up to the credit manager in his particular field to analyze the situation and extend credit to the limit of his ability under the circumstances.

CHANGING CONDITIONS characterize the career of B. F. Collins, vice president in charge of credit sales, Warner Hardware Company, Minneapolis, Minn. In the 33 years since 1921, when he began as manager of the credit department, he has met with a gamut of credit conditions. He was made a director of the company in 1933 and appointed to his present post in 1954. He is president of the Charge-Plate Stores, Minneapolis, and a past president of the Retail Credit Association there.

Entire Year Looks Bright To This Young Industry

DANIEL E. O'NEIL, Treasurer, The Hertz Corporation, Chicago, Illinois

THE car and truck rental business, a good index of both general business activity and consumer spending, looks to another good year in 1955. The first half should show a continuation of the upturn noted in the last half of 1954. Although a forecast of general business which extends past a six months period is risky, there are several factors in our own industry which make the entire year look bright.

First, ours is still a comparatively young industry and we are now reaping dividends from our tremendous postwar advertising and promotion program.

Second, Hertz, as well as other companies in the business, is expanding operations in several directions. The major share of our business comes from out-of-towners. Hertz now has operations at more than 150 airports and at major railroad terminals.

Third, we anticipate that use of rented cars for vacation travel, weekend jaunts, and other forms of pleasure driving, will continue to increase. Again, our postwar promotion program will pay off.

In the 10 years from 1937 to 1946, when advertising expenditures were modest, the Hertz system showed about a 100 per cent increase in revenues. From 1947 through 1954, as our national advertising budget increased to more than \$1,000,000 a year, our revenues soared nearly



Daniel E. O'Neil

400 per cent for a record return.

Good business in 1955 will not be ours simply for the asking. With other business firms, our customers, more cost-conscious than ever before, we must continue to emphasize superior service and to promote vigorously. We must seek new ways to win customers and keep them satisfied.

There is one other field in which businessmen's cost-consciousness should help us. We look for a substantial increase in truck leasing.

DANIEL E. O'NEIL, treasurer of the Hertz Rent-A-Car System, Inc., Chicago, has been with that organization for the last 27 years. He transferred to the Chicago office of the company in 1947 when the Chicago and Pontiac, Mich., offices were consolidated. He was assistant treasurer and controller prior to his advancement last year to treasurer.

HARRY A. BULLIS, Chairman of the Board, General Mills, Inc., Minneapolis, Minnesota

AMERICA is in its greatest era of dynamic growth. We are only on the threshold of a great advance.

We have reached the bottom of what might be termed an economic adjustment and the American economy will soon be moving upward. The inventory liquidation has about run its course. Automobile production is scheduled to increase. There is a change in the production rate of heavy industry. There has been a firming in the price structure of certain underlying commodities, such as non-ferrous metals. The rate of government new orders to industry has about doubled since the end of the last fiscal year. The building construction boom shows no sign of abatement. A prospective overall gain

(Concluded on following page)

Back to Basic Concept: Free to Succeed or Fail

RAY R. EPPERT, *Executive Vice President, Burroughs Corporation, Detroit, Michigan*

NOT all business enterprises will move in a common pattern. Some will forge ahead. Some will fail. We are back to the basic American pattern: complete freedom to succeed or fail.

Too often, when budget problems develop, management makes empirical decisions and tries to cut advertising, sales promotion, market research and public relations expenditures. This is a short and straight road to economic suicide, because these expenditures, while somewhat intangible in immediate results, are absolutely essential if we are to produce the necessary maximum revenue.

The number of dollars expended is relatively not important. The real yardstick is the percentage that these

Legislation the Crux

Commodity prices may depend largely on the willingness of President Eisenhower to use his veto power. With Senator Ellender (Dem.) advocate of fixed parity supports, due to head up the Senate committee on agriculture and the Dems in firm control of the house, a return to fixed parity prices might be put through legislatively. That would leave it up to "Ike" and his veto to decide what happens.

H. G. Seely
Financial Editor, Chicago Daily News, Chicago, Ill.

expenditures bear to sales. Stated differently, a sound program which increases the dollars expended will, more often than not, decrease the cost ratio.

Nothing has ever been built that someone else couldn't build worse and sell for less. Even the chiseler knows that a higher price is evidence of quality. Would anyone want to buy a cheap parachute?

Today, in planning and subsequent tactics, we must strive for a new concept of coordination among all members of what I like to call the revenue management team.

The competitive battle must be

won by every function and every department of every business.

The importance of maintaining exports at a satisfactory level is emphasized by the estimate that there are 4,000,000 jobs in the United States directly involved in producing goods which go to foreign markets. Conversely, there are only about a million jobs involved in industries which might conceivably be affected by a more liberal tax attitude on imports.

RAYMOND RODGERS

BEGUN ON P. 9

pearance of the backlog of demand for goods and housing. It follows that during the coming year business activity will continue to be favorably influenced by the active intervention of government on many fronts.

RAYMOND RODGERS, *professor of banking, New York University graduate school of business administration and School of Commerce, Accounts and Finance, is a member of the faculty of the N.A.C.M. Credit Research Foundation Graduate School of Credit and Financial Management, and consulting economist to the State Street Trust Company, Boston. Professor Rodgers is co-author of "Money and Banking" and "Consumer Credit and Its Uses."*

ARTHUR R. UPGREN

BEGUN ON P. 9

ing present tax levels. In fact, this type of expansion is the certain way to fiscal solvency.

ARTHUR R. UPGREN is *dean and director of research, The Amos Tuck School of Business Administration, Dartmouth College, Hanover, N.H., member of the faculty of the N.A.C.M. Graduate School of Credit and Financial Management, and co-author with Stahl Edmunds of "Economics for You and Me." Since 1933 he has also held important consultative and staff posts in governmental, newspaper and banking organizations.*

HARRY A. BULLIS

BEGUN ON P. 11

in highway construction of 10 to 15 per cent is indicated. The earnings of 650 industrial manufacturers for the first half of 1954 amounted to 3 per cent over the relative period of the preceding year.

There is an abundant supply of credit. The removal of the excess profits tax, along with the new provisions for depreciation allowances, encourages corporate expansion. Capital expenditures by industry have continued somewhere within \$26-\$27 billions. Consumer savings continue high. Consumer spending power con-

HOW IT WORKS →

THE MORE than 100 finance and credit leaders whose predictions of mid-year Indexes appear on following pages present their forecasts as individuals, not for the companies.

Jot down your own forecasts, then compare them when the official returns are in from the Government late this summer.

The base for the wholesale price Index for all commodities is the one used by the Bureau of Labor of the United States Department of Commerce and is the average of the years 1947-49 as 100. Note that the Bureau reported 115.1 as the Index for June 1951; 111.3 for June 1952; 109.5 for June 1953; and 110.0 for June 1954.

The industrial production adjusted combined index base is that now employed by the Federal Reserve Bank—1947-49 average is 100. (You will recall this base was shifted in the past year from the 1935-39 average.) Federal reported this Index (translated to the revised base) as 121 for June 1951; 118 for June 1952; 136 for June 1953 and 124 for June 1954.

Executive winners in 1954 ran up a commendable score—nine rang the bell on the Industrial Production Index and three accurately forecast to one-tenth point the Wholesale Price Index, as compared with only one winner in either category the year before.

This then is the mid-year prospect through the eyes of credit and financial leaders.

tinues at very high levels. The absence of price controls has restored vigorous competition. Technological invention gives great promise of unprecedented contributions. The rapid growth of population assures continued increase in demand for consumer goods and more houses. International commercial accounts are in reasonable balance. The so-called "built-in" stabilizers—social security, unemployment insurance and long-term amortization of mortgage debt—help to maintain the confidence of the people.

HARRY A. BULLIS, *chairman, General Mills, Inc., Minneapolis, holds degrees from the University of Wisconsin, New York University, Simpson and Macalester colleges, also studied at the University of London. He began as a bookkeeper with Citizens Gas & Electric Co., Council Bluffs, Iowa, and wholesaled sewing machines while at Wisconsin "U." After two years with Chase National Bank in New York he joined Washburn Crosby Company in 1919, becoming secretary of General Mills nine years later, president in 1942, chairman in 1948.*

FORECASTING THOSE MID-1955 INDEXES

THE WHOLESALE Price Index for all commodities will be 109.8 on July 1, 1955, according to an average of the personal forecasts ventured by 123 executives in industry and commerce, financial editors and economists participating in a Credit and Financial Management study of business expectations in the new year. These executives' predictions as to the Industrial Production Adjusted Combined Index of that date average at 125.9. Note: the forecasts are of the executives as individuals, not of the companies with which they are affiliated.

	Wholesale Price Index For All Commodities	Industrial Production Adjusted Combined Index
A. W. Langfield, President, Ferguson Langfield Frozen Foods, Inc., Oakland, Calif.	105.0	130
H. C. Cogan, Treasurer, The Parker Appliance Co., Cleveland, Ohio.....	104.5	124
H. A. Leggett, Vice Pres. & Economist, Valley National Bank, Phoenix, Ariz.	105.0	115
C. W. Gardiner, Treas., Merchants Biscuit Co., Omaha, Nebr.....	111.5	125
R. A. Pear, Credit Manager, The Pfaunder Co., Rochester, N.Y.....		127
T. G. Morris, Asst. Secty.-Treas., Pittsburgh-Des Moines Co., Pittsburgh, Pa.	111.5	128
Herman G. Seely, Financial Editor, Chicago Daily News, Chicago, Ill.		130
E. J. Armer, President, Cohn Goldwater Mfg. Co., Los Angeles, Calif.	110.0	119
C. B. Thomson, Credit Mgr., W. G. Bush & Co.-T. L. Herbert & Sons, Nashville, Tenn.	106.5	120
George H. Lackner, President, The Lackner Co., Cincinnati, Ohio	110.5	129
John F. Berg, Treasurer, National Oil & Supply Co., Newark, N.J.	110.5	128
H. H. S. Hedd, Controller, Polymer Industries, Inc., Springdale, Conn.	111.5	125
M. S. Wigginton, Vice President, General Shoe Corp., Nashville, Tenn.	108.0	130
B. A. Denning, Credit Mgr., The Rath Packing Co., San Francisco, Calif.	111.5	120
James F. Welsh, Secretary, McCormick & Co., Inc., Baltimore, Md.	110.0	125
J. Gilbert Purvis, Treasurer, Atlantic Steel Co., Atlanta, Ga.	111.6	133
Curt C. Wenske, Vice Pres. & Secty., Schnepel Bros. Corp., Newark, N.J.	109.3	122
M. C. Roberts, Regional Treas., Tide Water Associated Oil Co., Tulsa, Okla.	108.0	130
Willard W. Thomas, Secty., Campus Sweater & Sportswear Co., Cleveland, Ohio	109.0	
J. Charles Forand, Credit Manager, Lamson Corp., Syracuse, N.Y.	109.0	130
C. A. Jackson, Treas., The Ohio Oil Co., Findlay, Ohio	109.6	130
G. F. Hilborn, Jr., Div. Credit Mgr., American Oil Co., Portland, Me.	111.6	128
B. C. Zipern, Controller, Louis L. Libby Food Prod., Inc., Long Island City, N.Y.	113.0	132
S. Guernsey Jones, Vice Pres., National Newark & Essex Banking Co., Newark, N.J.	108.5	127
Everett B. Brooks, Vice President, Adams Supply Co., Atlanta, Ga.	113.2	128
D. H. McKenzie, Treasurer, Binswanger & Co., Memphis, Tenn.	108.5	129.3
I. L. Hillman, Asst. Treas., Dravo Corporation, Pittsburgh, Pa.	111.1	127.5
E. B. Gausby, Secty., The Warner & Swasey Co., Cleveland, Ohio		130
S. J. Cornell, Credit Mgr., National Oats Co., East St. Louis, Ill.	114.0	125
A. N. Masucci, Treasurer, Hickey-Freeman Co., Rochester, N.Y.	110.0	130
Frank A. Sancic, Secty., Harwick Standard Chemical Co., Akron, Ohio	111.7	126
A. R. Shaw, Jr., Secty., Caskey Paper Co., Inc., Charlotte, N.C.	110.5	120
W. G. Sieber, Treas., Meyer Brothers Drug Co., St. Louis, Mo.	109.6	
V. R. Shiely, Asst. Vice Pres. & Secty., Toro Mfg. Corp., Minneapolis, Minn.	112.0	130
C. F. Ensign, Asst. Treas., The Cleveland Twist Drill Co., Cleveland, Ohio	108.2	115
J. P. Brashear, Credit Manager, Huey & Philp Co., Dallas, Tex.	110.8	130
R. M. Booth, Treasurer, The DeVilbiss Co., Toledo, Ohio	108.5	130
G. T. Stockfleth, Asst. Secty.-Treas., The Colorado Fuel & Iron Corp., Oakland, Calif.	109.0	128
C. W. Dwight, President, Schramm & Schmieg Co., Burlington, Iowa	111.0	126
V. E. Westerlund, President, Westerlund & Lange, San Diego, Calif.	111.5	130
N. Buining, Auditor, Morton Mfg. Co., Muskegon, Mich.	110.0	120
Robert Howard, Controller, Logan Co., Louisville, Ky.	110.0	118
O. J. Abbott, President, Red Dot Oil Co., Denver, Colo.	108.0	
R. L. Allen, General Credit Mgr., D. Ghirardelli Co., San Francisco, Calif.	108.3	116
Raymond Rodgers, Prof. of Banking, New York University, New York	109.0	126
E. F. Herbel, General Credit Mgr., Pomona Tile Mfg. Co., Los Angeles, Calif.	114.0	130
G. W. Sackett, President, Leitelt Iron Works, Grand Rapids, Mich.	112.0	128
A. H. Snyder, Secty., Shaw Equipment Co., Dallas, Tex.	108.0	120
T. N. Gearreald, Credit Mgr., Southern States Cooperative, Inc., Richmond, Va.	108.5	120
L. R. Folda, President, W. J. Bailey Co., San Diego, Calif.	110.7	123
R. Woodruff, Credit Manager, The Oregonian, Portland, Ore.	112.2	135
F. L. Stellner, Secty. & Treas., United States Gypsum Co., Chicago, Ill.	110.0	130
L. R. Prinsze, Credit Manager, Corduroy Rubber Co., Grand Rapids, Mich.	108.7	120
G. Albert Knesel, Asst. Vice Pres., The Hibernia National Bank, New Orleans, La.	105.0	120
R. F. Lundeen, Asst. Secty.-Treas., Grand Rapids Hardware Co., Grand Rapids, Mich.	108.0	124
D. E. Cross, Vice Pres. & Treas., Belknap Hdwe. & Mfg. Co., Louisville, Ky.	110.0	120

FORECASTS OF INDEXES *(concluded from preceding page)*

	Wholesale Price Index For All Commodities	Industrial Production Adjusted Combined Index
F. L. Andrews, Chairman of Board, Davis Bros., Inc., Denver, Colo.	110.0	122
J. F. Harbes, Secty.-Treas., W. A. L. Thompson Wholesale Hdwe. Co., Topeka, Kans.	110.9	
Norman D. Stoll, Credit Manager, Wolverine Brass Works, Grand Rapids, Mich.	110.4	127
J. M. Winton, Regional Credit Mgr., Linde Air Products Co., Kansas City, Mo.	110.3	129
J. E. Remington, Credit Manager, Minneapolis-Honeywell Regulator Co., Minneapolis, Minn.	111.5	128
R. Lynn Galloway, Credit Manager, Eastman Kodak Co., Rochester, N.Y.	110.2	117
G. M. Clements, Secty., J. M. Tull Metal & Supply Co., Atlanta, Ga.	111.0	130
A. H. Murphree, Treasurer, Textile, Inc., Dallas, Tex.	110.0	138
Frank T. Henry, Vice Pres. & Gen. Purch. Agent, Arden Farms Co., Los Angeles, Calif.	109.7	121.4
G. W. Thompson, Fin. Dept. Mgr., Lockheed Aircraft Corp., Atlanta, Ga.	110.3	130
J. A. McDonnell, Credit Manager, Whitehall Pharmacal Co., Elkhart, Ind.	108.0	120
J. H. Moses, Secty., Rothenberg & Schloss Cigar Co., Kansas City, Mo.	109.5	126
C. J. Casey, Credit Mgr., Globe-Democrat Publishing Co., St. Louis, Mo.	98.0	105
Bertram J. Cahn, President, B. Kuppenheimer & Co., Inc., Chicago, Ill.	112.0	130
T. M. Sherman, Staff Director, Credit & Coll., Thompson Products, Inc., Cleveland, Ohio	110.0	130
W. G. MacIvor, Asst. Treasurer, Bird & Son, Inc., East Walpole, Mass.		125.3
Edward A. Mayer, Vice President, William Iselin Co., Inc., Grand Rapids, Mich.	111.2	119
E. J. Martin, Vice President, John P. Maguire & Co., New York, N.Y.	109.0	120
H. S. Tholen, Asst. Treas., Hamilton Watch Co., Lancaster, Pa.	108.6	131
O. M. Mahurin, Controller, Schooley Printing & Stat'y. Co., Kansas City, Mo.	111.2	120.8
H. F. B. Kerr, Credit Mgr., Bendix Radio Division of Bendix Aviation Corp., Towson, Md.		129
G. T. Smith, General Credit Mgr., The Aluminum Cooking Utensil Co., Inc., New Kensington, Pa.	110.2	126
L. S. Callaghan, Vice Pres. & Treas., The Todd Co., Inc., Rochester, N.Y.	111.0	132
J. F. Bertelsen, Eastern Credit Mgr., Linde Air Products Co., Long Island City, N.Y.	110.5	123
S. Ranick, District Credit Mgr., Armour & Co., Denver, Colo.	112.0	120
A. H. Ahlers, Asst. Secy. & Asst. Treas., Owens Illinois Glass Co., Toledo, Ohio	111.0	128
R. H. Buchheit, Mgr. of Branch Credits, The Sherwin-Williams Co., Dallas, Tex.	110.0	125
P. E. Nichol, Credit Manager, The Udyllite Corporation, Detroit Mich.	109.3	112
P. T. Good, Vice President, First National Bank, Houston, Tex.	112.0	130
W. R. Dunn, General Credit Mgr., General Foods Corporation, White Plains, N.Y.	109.0	128
E. R. Mellen, President, Weston Electrical Instrument Corp., Newark, N.J.	108.0	126
Geo. G. Main, Treas., Westinghouse Electric Corporation, Pittsburgh, Pa.	110.8	130
M. M. Coons, Secty.-Treas., Chariton Wholesale Grocery, Chariton, Iowa	110.9	126
R. D. Adams, President, Chanslor & Lyon Co., San Francisco, Calif.	112.0	126
A. R. Thompson, Credit Manager, Cook Paint & Varnish Co., Kansas City, Mo.	105.0	120
J. C. Ogden, Dist. Credit Rep., Aluminum Co. of America, Dallas, Tex.	110.5	130
P. H. Davenport, President, Southern Equipment & Supply Co., San Diego, Calif.	102.0	116
A. H. Wright, Asst. Secty., B. K. Sweeney Co., Denver, Colo.	112.0	128
F. W. Zander, Asst. Treas., United States Plywood Corp., New York, N.Y.	113.0	133.7
E. G. Junge, General Credit Mgr., Hoffman Radio Corp., Los Angeles, Calif.	110.0	130
H. J. Christophersen, Credit Mgr., E. J. Brach & Sons, Chicago, Ill.	110.5	128
C. K. Kuehne, Office Mgr., The H. D. Lee Co., Inc., South Bend, Ind.	111.5	126.5
R. W. Rohrbach, Secty.-Treas.-Mgr., Pacific Wholesale Elec. Co., San Diego, Calif.	113.0	120
C. A. Steigerwald, Treasurer, Strong, Carlisle & Hammond Co., Cleveland, Ohio	112.0	
H. C. Luick, Asst. Vice Pres., Northwestern National Bank, Minneapolis, Minn.	108.4	121.3
J. E. Mueller, Vice Pres. & Treas., Peaslee Gaulbert Corp., Louisville, Ky.	112.0	118
Lee Hahn, Credit Manager, Angelus Furn. Mfg. Co., Los Angeles, Calif.	105.0	124
V. A. Smith, Jr., Dist. Credit Mgr., The Procter & Gamble Dist. Co., Kansas City, Mo.	95.0	
W. A. Lawrence, Asst. Treas., Electric Machinery Mfg. Co., Minneapolis, Minn.	111.0	130
J. B. Fenner, Vice Pres. & Controller, The Electric Auto-Lite Co., Toledo, Ohio	112.0	126
J. H. Curling, Partner, Broome Distributing Co., Syracuse, N. Y.	109.3	
B. F. Collins, Vice President, Warner Hardware Co., Minneapolis, Minn.	109.8	122.5
R. K. Sybert, Secty.-Treas., Hage's Ltd., San Diego, Calif.	111.0	126
N. C. Caudill, Vice Pres. & Treas., General Shoe Corp., Nashville, Tenn.	108.0	130
J. H. Frazier, Credit Manager, Great Lakes Steel Corp., Detroit, Mich.	109.1	126
N. G. Bausch, Credit Mgr. & Treas., Henry W. Miller Electric Co., Omaha, Nebr.	110.5	128
W. H. Keplinger, Asst. Treas., Crown Zellerbach Corp., San Francisco, Calif.	110.4	130
J. S. Smith, Asst. Secty.-Treas., Westinghouse Air Brake, Wilmerding, Pa.	112.0	130
A. C. Daugherty, Mgr. Market Research Dept., Rockwell Mfg. Co., Pittsburgh, Pa.	111.1	138
Dr. A. R. Upgren, Dean, Amos Tuck School of Business Admin., Dartmouth College, Hanover, N.H.	110.0	128
K. J. Forshee, Gen. Credit Mgr., Pacific Coast Br., National Lead Co., San Francisco, Calif.	111.8	134
C. R. Fay, Controller, Pittsburgh Plate Glass Co., Pittsburgh, Pa.	111.5	129
F. W. Swanson, Jr., President, Globe Machinery & Supply Co., Des Moines, Iowa	111.5	130
C. J. Swalen, Secty.-Treas., Pako Corporation, Minneapolis, Minn.	112.5	128
T. D. Oxford, Asst. Treas., General Shoe Corporation, Nashville, Tenn.	107.0	128
W. N. Dose, Gen. Controller, Carnation Company, Los Angeles, Calif.	107.0	130
W. I. Grimmer, Vice Pres., American Brass & Copper Co., Oakland, Calif.	108.0	

Charge Account Insurance Lowers All Unpaid Balance

A plan which insures complete payment of the unpaid balance in the event of the death of the insured charge account customer, has paid on 46 claims totaling \$8,250 in the 18 months the plan has been in effect at Hess Brothers department store in Allentown, Pa. Insured accounts charged off after the death of the wage earners ranged from \$8.96 to over \$1,000. The Old Republic Credit Life Insurance Company of Chicago developed the plan.

Under the "CBA" (continuous budget arrangement) account, as it is called at Hess Brothers, the customer and credit department talk over the maximum amount which purchases should total at any one time. The maximum set, purchases then can be made at any time with a special Charga-Plate and the customer billed monthly according to a schedule based on the amount of purchases made. The unpaid balance, which can run to \$2,000 or more, is insured at all times. No physical examination is necessary; the only limitation is on the age of the insured—18 to 65. A nominal rate of \$1 per year per \$100 of unpaid balance is charged.

Philabank Claims the Best of Insured and Trusteed Plans

Both trusteed and insured plans are combined in The Philabank Plan, worked out by The Philadelphia National Bank and the Mutual Life Insurance Company of New York. The employee benefit plan will provide retirement pensions, widows' pensions, death and disability benefits, and is applicable to officers and employees. Participation is open to financial institutions nationally, whether or not depositors of Philadelphia National, says Frederic A. Potts, president, who points out broader benefits, more flexibility and less expense as Philabank's advantages, for large and small financial institutions.

An electric computer will expedite operations, and the facilities of both institutions will share the job.

Copes Heads Paperwork Group

Raymond F. Copes, general manager of the Controllers Congress, has been named chairman of the subcommittee on department and specialty stores of the Hoover Commission Task Force on Paperwork Management. Mr. Copes was a representative of the National Retail Dry Goods Association at the organizational session.

AS APPEARING IN
BUSINESS WEEK, DUN'S REVIEW, FORTUNE, NATION'S BUSINESS, WALL STREET JOURNAL

American Credit Insurance

AND

The Case of the Timely Advice

THIS is an illustration of the manner in which American Credit can often help initiate action for the benefit of its policyholders. Whatever the size or the nature of a business, situations like the one outlined here can arise.

In the present case, the policyholder had previously obtained an increase in the credit limit on a single customer, up to a coverage of 150 thousand dollars, with a ten percent deductible. Some time later, the policyholder's Credit Department contacted us through routine channels about a proposed extension of time on the account. The total outstanding at that time amounted to slightly more than 120 thousand dollars.

Before deciding what should be done, we suggested that an investigation be undertaken through one of our own branch offices. With the facts in the case fully established, the policyholder agreed with us that an extension was actually inadvisable, and authorized us to proceed with efforts to collect the amount past due. No payments were forthcoming, and in the meantime, other creditors had come forward. Preparations were made for immediate suit.

As a result of our activities and the activities of other creditors, the debtor made an effort to find a purchaser for his stock, in order to ward off complete disaster. Such a purchaser was eventually found, and negotiations were begun for settlement of the claim. In the meanwhile, we paid our policyholder slightly over 100 thousand dollars, thus forestalling any possible curtailment of operations due to shortage of fluid capital.

Eventually, with the concurrence of our policyholder, a settlement was made with the purchaser of the stock for payment of the greater part of the original debtor's account. Thus, through the timely advice of American Credit, a happy ending was written to a story that might otherwise have terminated in misfortune.

Whether you are doing business with a few large accounts or a great many small ones, you too will find new assurance in the knowledge that your accounts receivable are protected by insurance to at least the same extent as your buildings, your machines, and your shipments. For your copy of a new booklet: "Credit Insurance, Its History and Functions," write Department 30, First National Bank Building, Baltimore 2, Maryland.

American Credit Indemnity Company of New York

INVESTMENT implications of the population upsurge and technical progress 10 to 20 years hence are



R. J. BARR

“so sure and strong as to warrant an optimistic long-run outlook.” These two primary supports of investment expenditures — population changes and technical progress — will have a powerful effect, in the opinion of Robert J. Barr, director, department of economics, Marquette University, Milwaukee. Speculatively surveying the business scene for the period 1965 to 1975, Dr. Barr bases his conclusions on a deep look into the fundamental forces which underlie current and future prospects.

“Population increase and technical progress are largely responsible for investment in capital facilities during the major cycle,” the economist notes. In the area of private invest-

1930's), the minor cycles are much more severe, as that of 1937-38.

“The principal cause of the minor cycle is inventory variations. The principal cause of the major cycle is variations of investment in capital facilities, such as plant, equipment and housing.”

Principal Forces of Growth

“More than cycle analysis, however, is involved in the long run,” says Professor Barr. “A period of 20 years is long enough to bring into play the forces of growth. The principal factors in growth phenomena are population changes and technical progress.”

Looking at some of the investment implications of the population upsurge, which are profound for the period under consideration, the educator points to the following:

Suburbanization continues at an accelerating rate. Facilities—highways, transportation, public utilities, equipment—have not yet caught up. Increasing family size makes the two-bedroom home unsuitable and

PROFESSOR of economics and director of the department of economics at Marquette University in Milwaukee, Robert J. Barr formerly was assistant to the director of the Oriental Institute, University of Chicago, and chief of the Near East and African sections of the division of international economy, U.S. Department of Commerce.

Dr. Barr, who received his doctorate degree from the University of Wisconsin, is director of the Milwaukee Foreign Trade Institute, member of the foreign trade committee of the Milwaukee Association of Commerce, the American Economic Association and the American Association of University Professors.

for additions to and replacements of capital facilities. Although even more difficult than population growth to measure, its qualitative description is termed fully as startling. A suggestive approach is to consider the progress that is being made on three levels.

On the first or fundamental level,

America 1965-75: Technical Progress and Population Paving Way for Large Increase of Invested Capital

ment these two factors provide the incentive, increasing markets and new products, developing new processes and new materials. In the area of public investment, population growth furnishes an insistent demand which is largely independent of the limitation of profitability operating in the area of private investment.

“Involved in the long-run picture are the cyclical swings in business and the forces of growth.” He excludes from consideration such elements as war and politically determined government expenditures, which are not “natural” economic forces.

Two types of cycles are identified by students of business fluctuations—the major and the minor cycle. The former are longer, from 9 to 15 years in length; the latter are shorter, usually about three years.

When the major cycle is on the upswing (as in the 1920's), the minor cycles are mild; witness those of 1924, 1927, 1949. When the major cycle is on the downswing (as in the

maintains demand for new housing. Along with this movement goes the necessity to replan and rebuild the hearts of great cities, and the need for new schools.

“Much of the investment entailed by the preceding consideration will go on almost regardless of profit considerations. But there will also be the parallel private business investment for expansion of plant and equipment.”

The vista opened by research, from pure to practical, from the university to business organizations and government establishments, he calls limitless. “In addition to new materials, new processes, and new products, all these efforts open up opportunities for investment promising to absorb the large savings which, according to ‘stagnationists,’ threaten to engulf our economy in permanent depression. They create the means for providing higher standards of living.

While population increase provides the need for investment, technical progress provides the opportunities

usually carried on in the universities, research is motivated only in the most distant and indirect way by practical or profitmaking considerations. Atomic energy is the spectacular example. One aspect of this fundamental research needs emphasis. This is the development of methods and machines to carry out research; these have a creative and multiplying effect upon the productivity of the more practical levels of research.”

Private business and government are increasingly supporting research at the fundamental level but these agencies are primarily interested in more immediate applications, Dr. Barr says. Our great corporations finance extensive research organizations, and these with government-establishment researches on intermediate levels uncover new materials and processes, and immediately practical research comes to fruition in new marketable products and services.

Closing a speculative discussion before the Northern Wisconsin-

(Concluded on page 28)

Faith Girds Economy towards New Heights

Chrysler Executive Points to Growing Population, Product and Services

UNSHAKEN faith—the faith of a public that reads the signs—is undergirding the economy in lifting the structure that is business toward new heights, and the “keystone of credit depends upon the height and breadth of the entire economic arch that is being built,” says Walter J. Simons, assistant treasurer of the Chrysler Corporation, Detroit.

Underlining the facts that “many of the same forces that affect the automotive industry affect other industries and businesses,” and that the auto industry’s representation of a large part of the economic arch allies its future so closely with that of other segments—for example, almost one-half of the total volume of instalment credit is automotive—Mr. Simons presents these views of probabilities in the next ten years:

- (1) Continually expanding population—at least 188 millions by 1965, and marked increase of the 15-24 age group.
- (2) Growth in total quantity of goods and services produced.
- (3) Constantly rising level of productivity.
- (4) Substantial progress toward solution of highway and parking problems.
- (5) Continued competition, rather than increased governmental control.

The revolution in population trends reaches into practically all areas of financial management. Mr. Simons notes that since 1937 every forecast of population increase has had to be revised upward. So in 1937 statisticians predicted the population in 1950 would be 141 millions; in 1947 the estimate was changed to 145; but the actual 1950 total was 151 millions. Hence the U.S. Bureau of Census forecast of 188 millions in 1965 “may well be conservative.”

The predicted jump of the 15-to-24 age group to 31 millions, “as the high postwar baby crops reach teen age,” can increase the number of families having two or more cars, intensify demand for new autos, and add to the total of cars on the road.

The number of households is expected to rise even more rapidly than the population increase because of the trend toward smaller units (average 4.1 persons in 1930, now

3.4). This change is laid to “undoubling,” as more of the older folk prefer to live separately from their married children, while more young people can afford to go into their own housekeeping than pre-war forecasters thought possible. The influence on many lines of business is obvious.

Another development affecting many lines of business and industry beside the automotive is the movement toward suburbs, even as metropolitan areas grow larger. (From 1940 to 1950 suburban population increased 35 per cent to the central city gain of 14 per cent.) Here comes a pronounced tendency toward two-car families.

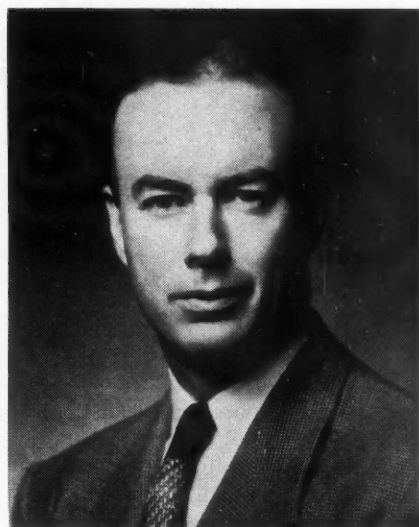
What of the nation’s output of wealth? “Many factors raise the assumption that the annual rate of increase will go much higher than the 3 per cent which has been the average over the years since 1910,” says the Chrysler executive.

“Heavy investments in technical research leading to new products and processes, more favorable government attitudes toward enterprise, heavy government purchases from the private sector of the economy, a whole series of measures designed to prevent severe depression, more optimistic, mature and

AFTER receiving a masters degree in business administration from the University of Michigan in 1934, Walter J. Simons became associated with Ernst & Ernst in Detroit as an accountant. Becoming a certified public accountant in 1938, he opened his own accounting office the following year, also joined the faculty of the University of Detroit as an instructor in accounting and income tax matters.

Mr. Simons in 1940 became a partner in Pottinger & Simons at Royal Oak, Mich., and in 1942-43 was on the faculties of the University of Michigan and Wayne University. Graduated from the Detroit College of Law in 1947, he was admitted to the Michigan Bar the same year.

Meanwhile he had become a member of the controller’s staff of the Chrysler Corporation, in 1943. Seven years later he was named director of pensions and group insurance. In 1952 he was appointed assistant treasurer.



Walter J. Simons

sophisticated business planning—all point to a rapid rate of increase of product.”

Plant modernization and expansion, “as additional increments of investment,” plus the intensified technological research, and more effective use of existing facilities, presage a constantly increasing productivity.

Mr. Simons notes, too, that “it is assumed that current successes in cost reductions due to a high level of investment will result in a growing realization in the business community of the necessity of raising productivity through capital expenditures.”

\$100 Billions Highway Program

A \$100 billions Federal-State ten-year road-building project appears to be the ultimate fruition of the realistic approach to states’ authorities by the President’s advisory committee on a national highway program. Awakening of public as well as government to the need of an adequate motorway system gives substance to this long-range optimism.

With the Administration producing proofs that it is moving to take government out of private enterprise (even if not as fast or as consistently as some would like), a free competitive economy also points toward many impacts on the business future. In the automotive field, Mr. Simons told the Tri-State Credit Conference in Philadelphia, this will force improvements and inno-

(Concluded on page 28)

A Problem ~ ~ ~ ~ and How It Was Solved

A Feature Series on MANAGEMENT AT WORK

by ALFRED T. WOODWARD

Secretary-Treasurer

The United States Shoe Corporation
Cincinnati, Ohio

EVERY credit department, to be really successful, must at all times work under what may seem to be a double loyalty—not only a first loyalty to the employing company but also, and of tremendous importance, a genuine loyalty to the customers of the house.

It is generally accepted that no mercantile firm can be successful unless the customers, in the great majority at least, are successful. It makes sense, therefore, that all departments—manufacturing, selling, advertising and certainly credit—should devote every effort towards upbuilding of the accounts.

In customer relations the cooperation of all departments is vital. Nevertheless, out of our many years of experience has come the conviction that the credit department should, and generally does, have a leading part in development of marginal accounts into first-class and highly desirable customers.

The very nature of credit work requires inquiry into all phases of the customer's operations as well as all-over interest in the business of the customer and his success in maintaining credit standing and capacity to pay at a high level.

This demands that the credit department make a careful and complete study of the company's setup, the capital structure, distribution of assets, rapidity of merchandise turnover, and the control of indebtedness, gross profit and percentage and expense. If the total expense is out of line, then a detailed study of the items making up that expense should be considered carefully and compared with the average in that field.

It is impossible to write on this subject without giving proper credit to

the results that can be obtained from intelligent financial statement analyses.

Over the years our credit department has materially assisted a great many customers to become better merchants through painstaking analysis of every phase of the business.

That the time and effort which we have devoted to this type of service to our customers has paid off many-fold is beyond all question. It has produced better customers, better friends, better business. Our customers' appreciation is evidenced by many very fine letters.

Some years ago we began selling a retail shoe merchant who had shown remarkable ability to create sales. The business was making some profit, but it was entirely inadequate, considering the volume of sales. The dealer had no sense of financial control.

The Road to Vanished Net Profit

As a result he soon became badly overstocked and his indebtedness grew completely out of hand. This not only weakened his credit but forced him to conduct frequent money-raising sales, which in turn lowered his gross profit to the point where it was

no longer possible for him to earn any net.

The extended condition of his affairs is reflected by the following figures. Set up, side by side, are certain vital and controlling ratios taken from his year-end statement, and typical ratios of the retail shoe trade at the time.

	His ratios	Typical ratios
Net Worth to Total Debt	.78	3.25
Current Ratio	1.73	3.00
Sales to Inventory	1.92	3.75
Actual Inventory Turn (at cost)	1.25 times	2.51 times

We visited this dealer after receiving the report from which the ratios were developed. A complete study included certain items of expense which seemed out of line, but more particularly his buying program, if indeed it could be called a program.

A buying schedule was developed from his sales figures of the preceding year, aimed at definite reduction by the end of the year. It is to his credit that he realized his weakness and was anxious to cooperate.

The several days required to work out this complete program and to make certain that the merchant understood it thoroughly, proved to be one of our best investments.

The Evidence of Progress

Showing how seriously the dealer wished to carry out the program is the following excerpt from a letter he wrote our credit department three months later:

"I am happy to tell you that the budget you installed is working wonders for us. We can see ourselves getting into shape. It will be only a matter of this season and then we will be in position to take care of our obligations on time."

From another letter six months later:

"I realize now that the most im-



"Loyalty twofold"—Mr. Woodward

ALFRED T. WOODWARD, secretary-treasurer of The United States Shoe Corporation, Cincinnati, had been deputy clerk in the United States circuit court of appeals and studied law at the Y.M.C.A. night school. Then to the shoe business. Most of 10 years in Columbus were with the Starner-Copeland Company, manufacturers; then came 10 years with Roth Shoe Manufacturing Company in Cincinnati, in charge of office and credit operations and assistant to the president.

Since organization of The United States Shoe Corporation (Red Cross Shoes) 23 years ago, Mr. Woodward has had charge of the credit department, first as assistant secretary and since 1944 as secretary and treasurer.

He was 1926-27 president of the Cincinnati Association of Credit Men and from 1925 through 1929 lectured on credit and collections and financial statement analysis in the evening college of commerce of the University of Cincinnati.

important thing in our business today is turnover, low inventories and less liabilities. That is our aim and we will get and control it."

For ten or twelve years thereafter this customer, when he sent in his report at the end of every six months' period, would ask me to analyze his figures for him and offer any criticism or suggestions.

Five years after the first visit to his office his ratios had changed so materially, that it was hard to believe they were from the same merchant.

Net Worth to Total Debt	8.62
Current Ratio	9.09
Sales to Inventory	5.61
Actual Inventory Turn (at cost)	3.70 times

He was discounting all bills and his sales volume had increased by 168 per cent, with a lower inventory than he had five years before. His net worth had considerably more than doubled.

Today this retail shoe business has grown to be one of the largest in the country and its purchases from our firm now exceed \$500,000 a year.

Our files contain records of many cases of this nature. Besides the fact they have paid off many, many times over, there is the great compensation to the credit manager in the friendships established and a feeling of a good job well done that cannot be measured in dollars.

Need \$25,000?... 5 million?...
for months?...years?...

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LOS ANGELES 14—722 S. Spring St. NEW YORK 17—100 E. 42nd St.
SAN FRANCISCO 6—112 Pine St.

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Blame Is Laid to Management For Turkey Financing Problems

TOP MANAGEMENT can blame only itself for any dissatisfaction with today's status of turkey finance, now that the industry's product has been "built up" to year 'round use by the public, President E. A. Cashman of Doughboy Industries, Inc., New Richmond, Wis., told the National Feeder Finance Credit Conference (formerly the Upper Midwest Feeder Finance Credit Group) in Minneapolis.

Mr. Cashman, one of several panel speakers, named five basic requisites for successful grower operation in turkey raising:

- (1) Have plenty of the proper kind of equipment;
- (2) Have the experience, and apply it;
- (3) Purchase high quality and clean poults;
- (4) Buy or borrow feed from a company knowing its business and having a "crack field-service crew";
- (5) Market the birds through an experienced processing plant with latest equipment for dressing, eviscerating and freezing turkeys.

"The additional 8 to 10 per cent turkeys raised in 1954 would not have been on hand if credit were set with those five steps in mind," Mr. Cashman said, adding that "all phases of the industry have had a hand in creating the surplus which has driven the price of the finished, eviscerated bird down to the cost of production."

Urges Curtailed Financing

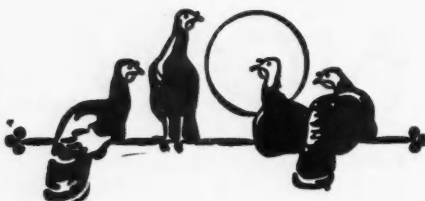
Unless the finance programs are somewhat curtailed, he warned, the other pressures will force surpluses higher every year "until a sort of financial debacle comes about."

The speaker noted that more than 75 per cent of the turkey raising is financed by others than the grower, and most by feed companies.

"We all know that the feed business is large volume, low net. Ordinarily we should turn our money 12 to 15 times a year—basis straight 30-day terms to dealer 12 times—almost twice as many times if it's all cash business. When we finance turkeys the best we can expect is three turns a year on fryers and less than twice on heavy birds, taking into account the time lag between poult payment and marketing money in the till. So in addition to the credit risk there is the turnover.

"For this coming year I recommend caution before approving a turkey finance loan. If he lost money for 1954 he should either not be financed at all or at best his program should be scaled down drastically. If he didn't make it in 1954 he will have no chance getting his costs back this year. All solid growers should start no more birds than this year. Few new growers should be put into the act."

Dean McNeal, vice president of Pillsbury Mills, Inc., told the gather-



ing of feed credit men, sales executives and feed manufacturers' top management representatives that the return for 1954 over feed costs, on an estimated average price of 31 cents a pound and an 18-pound bird, would drop 55 cents from 1953, or to \$2.14 a bird, 8 to 10 cents under 1952. His estimate for the October-December average was the lowest since 1942.

He attributed this price pressure to a 9 per cent increase in production cost plus competition of low-priced chicken broilers and pork. Production was estimated at 61,054,000 birds, up 35 per cent over 1953 in Minnesota, down 1 per cent in California, heaviest producing state. He predicted production will decrease 3 to 5 per cent in 1955, with feed prices unchanged.

From Fun to Ulcers

"The turkey business used to be fun; now it's just ulcers," said Dr. W. A. Billings, extension specialist, University of Minnesota.

Despite efforts of the American Feed Manufacturers Association to promote sound credit practices, said W. T. Diamond, the association's secretary, some of the financing operations this year seemed to ape the "biggest and best deal in town" fooferaw of a certain type of used car dealer. He noted that a new all-time record of feed tonnage was in the making, five per cent ahead of 1953 for the first eight months of each.

OFF TO THE CAMPUSES

More than half of 140 manufacturing companies interviewed agreed that the college and university campus is the place to acquire new sales personnel. Sixty companies found good sales material in other departments of their organizations, and 42 concerns said salesmen and other home personnel supplied leads on possible candidates.

Forty-five of the companies advertise for sales help; 31 screen unsolicited applications for employment; 22 rely on employment agencies; 43 give prospects a minimum of a year's training before full-time assignments, the National Industrial Conference Board was informed.

J. D. Sykes, vice president of Ralston Purina Company, St. Louis, charged the feed industry with the responsibility of "drawing up our credit policies with the professional producer in mind, to penalize the speculator and in-and-out-er."

E. D. Griffin, general salesmanager of Allied Mills, Inc., Chicago, urged feed companies to sell product, not credit, and decried some companies' policy permitting salesmen to sell poults in order to get a breeder or hatchery feed account, thus unbalancing June hatchery output.

Chemical Industry Spending \$1,600,000 on Plant, Machines

Growing three times faster than industry as a whole, the chemical industry is facing a serious shortage of personnel, a problem companies are trying to overcome by granting 800 scholarships and fellowships of annual value exceeding \$1.5 millions, according to William C. Foster, president of the Manufacturing Chemists Association, and the association's chairman, Fred J. Emmerich, president, Allied Chemical & Dye Corporation. In addition, several million dollars a year are given by member companies for prizes to high school students, in grants-in-aid and to schools for support of research.

The chemical industry last year spent \$1.6 millions on plant and equipment and is investing \$300 millions a year on research.

Steel Office Cuts Labor 18 Per Cent By Direct Process Duplicating System

SCRAPPING its outgrown method of invoice and shipping document rewriting in favor of Ditto installation was one of the smartest moves the Alan Wood Steel Company, of Conshohocken, Pa., found it had made in the area of office operations. The direct process duplication method has saved the concern thousands of dollars in labor and stationery costs, has speeded the output of invoices and shipping documents, and reduced clerical errors. Labor in the billing department as a whole has been reduced 18 per cent.

In 1952 the Alan Wood company, whose eight plants and mines at Dover and Oxford, N.J., filled more than \$60 millions of orders that year, faced the problem of what to do about the mounting volume of shipping papers and invoices required. Demands of government, export and other agencies for extra copies of papers intensified the work load. The snap-out method then in use was inadequate to the thriving company's needs.

Had Used Two Snap-Out Sets

"Our former system consisted of two snap-out sets for shipping papers," explains William E. John, supervisor of billing at the steel plant. "The first set contained a gelatin master as the original, and eight packing lists. The second was a four-part bill of lading set. These were typed separately. Disadvantages included lack of sufficient copies, illegibility, and the purple gelatin masters."

There was besides an undue waste of stationery. Because it was so much trouble to correct an error in the multiple-copy snap-out set, the operator would throw out the whole set in which an error had been made and start with a new one. A decided waste of labor and supplies.

With a main office billing department and eight shipping offices, with one or more billing clerks in each to handle the operation under discussion, approximately 60,000 shipments going out a year, a more efficient, flexible method had to be found.

Studies were made of other methods. Four out of five of those studied fell equally short of the Alan



DITTO DIRECT PROCESS duplicators are used to speed order-invoice operations at the nine plant and main office billing departments of the Alan Wood Steel Co. of Conshohocken, Pa. The hand-operated models are located on low tables, enabling the typist to turn from typewriter to duplicator without rising.

Wood company's requirements. And various combinations of the five didn't prove any better. Disadvantages were: insufficient copies; wax stencils with ink proved too delicate for general use and re-use and paper was wasted; gelatin duplication presented difficulty in gelatin roll maintenance, since 60 minutes' machine operation would be spread over the 24-hour 3-shift day in a mill. Offset printing was too expensive and production too slow.

How the New System Works

After all the test results were analyzed, duplication with the Ditto Direct Process Duplicator proved to be best. The method and form design now successfully used in conjunction with the Ditto equipment was by Mr. John, with the system and procedure group of his organization. Mr. John describes how the method works.

"Now only one guide-printed, edge-perforated, 8½" x 14" black Masterset needs to be typed at time of shipment. Space is provided on the Masterset for the date, customer's

number, vendor's number, invoice number, via, customer's name and address, consignee's name and address, delivery address, routing, car initial and number, number of pieces, bill of lading description of contents, detailed description of items.

Set of Short Form Bills Duplicated

"The Masterset is folded inside out and immediately a set of short form bills of lading and necessary packing lists is duplicated. This might consist of anywhere from 8 to 15 copies, although sometimes up to 25 will be run.

"The Masterset is then refolded and sent to the main office billing department for pricing and extending on billing machines. There is no retyping of data. The finished master is duplicated and the invoices are ready for mailing within 24 hours of shipment.

"Inexpensive, hand-operated duplicators are used in the plant shipping departments, where a billing clerk is on duty at all times that shipments are made. These ma-

(Concluded on page 24)

Insurance Cost of Inflationary Thinking

Case Histories Show Close Relation between Coverage and Credit

By W. H. BURHOP, President
*Employers Mutual Liability Insurance
Company of Wisconsin, and Em-
ployers Mutual Fire Insurance Com-
pany, Wausau, Wisconsin*

INFLATIONARY thinking these days has run up into huge amounts the insurance losses involved in bodily injury and property damage cases, a fact not generally recognized by those not in the business of providing coverage. That development since the close of the war, especially in the last two or three years, points up all the more vividly the truth of the close relation between insurance and credit operation.

A few cases taken from our own files dramatize the fact that the importance of proper and adequate insurance coverage cannot be over-emphasized.

A manufacturer of children's cowboy playsuits used a cloth to imitate the sheep hair commonly used by cowboys on the chaps which cover their legs. By error the material furnished was inflammable, a fact not known until the suits had been made and distributed. Thirty-nine claims after burns to children resulted in losses of almost \$600,000.

A contractor entered into a contract with a city to widen subway platforms. Building the supporting beams necessitated opening foundations of several buildings. Before the foundations could be sealed, the city was hit by an unprecedented cloudburst. The result: several feet of water in the basements—and claims between \$80,000 and \$90,000.

A utility company provided electricity for the owner of property, part of which was a lake. Rainfall caused the lake to rise and spread, and the rise had the effect of lowering the height of the wires carrying electricity over the water. One of three fishermen in a metal boat inadvertently tangled his metal fishing pole in the wires. Two men were

killed, the third seriously injured. The property owner and the electric utility were sued jointly; the jury awarded \$150,000 against them.

In another case an electric line burned off at the insulator and fell to the ground in a farmyard. A 6-year-old girl picked up the loose end of the wire. Her left arm was amputated. The case cost \$95,000.

Suits Exceed 100 Million Dollars

There was the South Amboy (N.J.) explosion of 1950. Ammunition was being loaded from railroad cars into a barge, which was to take the ammunition out to a ship bound for Pakistan. With plaintiffs estimated at 10,000, suits filed exceed \$100,000,000.

A machinery company was repairing an "A" frame supporting a hoist to load booms at the tippie of a coal company. A spark from the cutting torch set fire to the loading boom,

JOINING the Employers Mutual Liability Insurance Company of Wisconsin, at Wausau, in 1919 after service in the Wisconsin State Insurance Department, W. H. BURHOP was actuary for the company. Advancing to secretary, in 1937 he was elected executive vice president and became president last year.

Mr. Burhop is a graduate of the University of Wisconsin school of commerce.

Mr. Burhop's article is an expansion of material originally presented before the Northern Wisconsin-Michigan Association of Credit Men.

and the entire tippie was a loss. The fire carriers for the coal company paid out \$350,000, and suit was started against the machinery company.

An automobile owner drove downtown, pulled up to the curb, parked on a hill. As he got out the car rolled downhill through a crowd and into the side of a drugstore. Nine persons were injured; two had leg amputations. Almost any guess as to total cost might not be too high.

New Turn to Compensation Cases

Even compensation cases these days can cost figures almost unheard of not many years ago. The insurance companies for years have car-

ried reinsurance to protect themselves against unusually large losses—catastrophe coverage. Accidents involving individuals, however, have cost markedly large sums. A worker was unloading pulp bales in a boxcar. A 450-pound bale fell eight feet, pinned him to the floor and paralyzed him from the waist down. The payments to date, plus future cost based on his life expectancy, approximate \$110,000.

An employee was sawing a tree. Another worker felled a tree which struck him on the back, causing paralysis. The cost will be well over \$60,000.

A middlewest worker, 22, was paralyzed from the shoulders down when bags of seed pinned him against a concrete wall. He will require the services of an attendant, or be institutionalized, for the rest of his life. Since there is no limit on the amount of compensation and medical expense in that state, the estimated cost exceeds \$90,000.

Three persons were killed and five others injured when an electrically-operated window washing hoist plummeted to the floor. A woman, 22, paralyzed in the lower extremities, has been a hospital patient eight years, with a registered nurse. The cost is estimated \$160,000.

Amount More Important Than Kind

These cases show the necessity of insurance coverage limits far higher than were considered prudent a few years ago. Public liability insurance does not suffice. The amount carried is more important than the kind of policy.

Select a competent person with whom to do your insurance business, an insurance company with a record of prompt and fair claim settlement.

As credit men, you should ascertain the kinds of insurance carried by your customers, the limits of coverage and the names of the insurance companies. You deal with insurance men for the coverage you purchase. Call on them for advice if there is any question as to the adequacy of the insurance your customer carries.

Free Banking and Larger Risk Capacity Vital for Growth, Chase Officer Urges

FREE banking is essential to the growth of the American economy and if we are to fulfill our obligations to business in the period of expansion ahead, our capacity for taking on risks must grow," George Champion, senior vice president, The Chase National Bank, New York City, told conferees at the 80th annual convention of the American Bankers Association in Atlantic City. He stressed the need for better understanding by public and government of the policies required for a healthy system of banking.

"Facts clearly show there is no real justification for the Small Business Administration," he said. "If a credit risk of a small business is unsound, it is not proper to saddle the taxpayers with it, and there certainly can be no shortage of credit anywhere in the country."

Declaring that "America cannot defend democracy solely through its production genius," James Q. du Pont, administrative assistant of E. I. du Pont de Nemours & Company, Wilmington, Del., called upon the banking fraternity to look to spiritual as well as material values.

"We know the importance of television sets, bathtubs and automobiles. Nevertheless, we know that it is not for such things that men will die but for things so deep within them that they cannot even put them into words," things which crystalize in the concept of human freedom.

Speakers touched upon every significant phase of the American economy in its interrelationship with banking practices and development.

Mr. Champion, discussing the credit outlook, cited these national growth factors: "Our population is expanding at a rate of 3 million annually. By 1975 industry must serve a market larger by a fourth than at present. Incomes are rising steadily as productivity improves, and a vast new middle-income market is opening up. Huge numbers of our people are on the move, leaving urban centers for suburban homes, and industry is at work in research on a scale never before known, designing new products and developing new ways of doing things."

Savings and Realty Mortgages

"The accumulation of savings, in accounting terms called a liability, is our greatest asset, representing future buying power and inflationary checks," declared John W. Kress, executive vice president, Howard

Savings Institution, Newark, president of the savings and mortgage division, A.B.A.

Quoting from the association's committee on realty mortgages, headed by J. R. Jones, vice president, Security-First National Bank of Los Angeles, Mr. Kress said the Voluntary Home Mortgage Credit Program, part of the new Housing Act, may become important in mortgage financing because it corrects the lack of this type of credit in small communities and remote areas.

Inflation Only One of Factors

The "big change" in investment practice in the half century 1900-1950 was discussed by Benjamin Strong, president, United States Trust Company of New York.

"Credit records prove that the farmer's judgment on how much equipment and what kind of equipment he needs has been very good judgment indeed," declared John L. McCaffrey, president, International Harvester Company, Chicago, before A.B.A.'s agricultural commission.

Harry M. Arthur, president,

Arthur State Bank, Union, S. C., president of the state bank division, A.B.A., reported that a study of state-chartered banks in the United States by the committee in state bank research showed there were 9,588 at the end of 1953, 9,060 of them state commercial banks and 528 mutual savings banks, and total deposits reached an all-time high of \$100,255,115,000 at end-1953.

Discretion over New Banks

Measures for improvement of the state banking system which should be given support, said H. Earl Cook, chairman of the Federal Deposit Insurance Corporation, Washington, D. C., are: "Broader discretion over the chartering of new banks, particularly as to the ability of the community to support a bank and the character of the proposed management; broader authority to check unsound banking practices; and more adequate compensation for the state bank commissioner."

A.B.A. president Everett D. Reese, who is president of The Park National Bank, Newark, Ohio, keynoted the role of banking in a progressive economy. "We must maintain a constructive attitude toward credit because therein rests the true vitality of the banking system."

MARSH & McLENNAN

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Tulsa New Orleans Phoenix Milwaukee Cleveland Havana London

Business Progress Despite Transition Laid in Part to Policy of Credit Ease

A STRIKING feature of 1954 was the "record of achievement it rolled up although the business economy has gone through the worst phases of a transition period. That the credit crisis for-



H. R. SILVERMAN

merly characteristic of contractions in the business cycle did not materialize in 1954

was due in part to the financial institutions which adhered to a policy of 'credit ease' rather than 'glut' or 'shortage,' and made available the funds for working capital and business investment which aided many enterprises to improve their earnings position."

Herbert R. Silverman, vice president of James Talcott, Inc., New York, and chairman of the board of the National Commercial Finance Conference, Inc., was addressing delegates to the tenth annual convention of the commercial finance industry in New York.

Prospects for 1955, Mr. Silverman went on, "depend to a great extent on government and private business continuing a sound program." He foresees the rebuilding of inventories and great pressure on business, large and small, to carry through a complete modernization of plant and equipment. "If we take the easy way out and cut advertising and promotion budgets rather than attempt to bring production costs into line with prices, the blame for lower sales and hence profits will be our own, not that of the economic policy of the government," Mr. Silverman declared.

Bulwarks Against Retrogression

Among 11 clues that suggest there will not be retrogression in 1955 were these offered at the meeting by Dr. Leo Barnes, chief economist, Prentice-Hall, Inc., New York: Increased federal spending for protection against atomic attack; fast depreciation and other tax incentives; expanded social security which is boosting the purchasing power of millions; more marriages, more

babies; government tendency, of whatever political suasion, to maintain a high level of business activity.

Milton P. Kupfer, general counsel to the Conference, in a discussion of the year's legal developments in the commercial financing field commented on the Uniform Commercial Code now under study by the New York State Law Revision Commission. He noted that the Conference generally favored that portion of the Code dealing with secured transactions, except the new provision creating the so called "floating lien" which, in his opinion, would lead to monopoly in the credit field and was of doubtful legality in bankruptcy situations. Pennsylvania is the only state that has a uniform code.

The features of the tool-lease method of obtaining metal-working equipment, as compared with outright purchase and instalment plan, i.e., conditional sales contract or chattel mortgage purchasing, were explained by R. A. Perkins, assistant secretary and assistant treasurer, Kearney & Trecker Corporation, Milwaukee, Wis.

Financing of Mergers Discussed

Walter S. Seidman, partner, Jones & Company, New York, and vice president of the Conference, discussed the techniques involved in the financing of mergers and acquisitions. The importance of "strict account policing" in budget and instal-

Five Rules to Protect Money from Burglary

How many of these rules for protecting your money against burglary are you following? R. M. Keyser, sales manager of Mosler Safe Company's commercial division, Chicago, recites five:

(1) Get the proper safe—a "round door money safe with an inner door that requires two keys to get at the cash"; (2) Make sure the safe is heavy enough to prevent anyone walking away with it; if necessary, anchor it in a concrete block; (3) Place the safe in a prominent, well-lighted location, preferably in or near a window, never in a backroom where a burglar can work unnoticed; (4) Memorize the safe's combination instead of writing it down; (5) Have two men open and close the store, one to stand guard at a distance and give the alarm should the first be approached by a thief.

ment account financing was stressed by Joseph W. Scharf, chairman of the board, Budget Charge Accounts, Inc., Yonkers, N.Y.

Milton A. Gordon, president, Television Programs of America, Inc., compared the functions of "angels" and of organized banking in handling entertainment as a credit risk, and defined the "area of predictability" which determines the worth of a motion picture as a credit risk.

The features and problems of import and export financing were discussed, respectively, by A. van Biema, vice president, Amsterdam Overseas Corporation, New York, and Albert E. Meyer, vice president, Park Bridge Corporation, New York.

At the election preceding the convention Mr. Silverman was named chairman of the board and Clayton P. Packard, executive vice president, First Acceptance Corporation, Minneapolis, was chosen as president of the Conference.

ALAN B. WOOD BEGUN ON P. 21

chines are operated at low pressure and liquid settings. A 14-inch electric floor-model duplicator is used in the main office and is operated at high pressure and liquid settings.

"Timing the operator in duplicating 10-copy invoice sets, we have found our DITTO D45 machine can produce an average of 300 sets in one hour's time."

Summing up the advantages of the DITTO method, billing supervisor John reports:

"This method has eliminated one typing and checking operation. It provides all the copies required, legible and black. The finished master is filed for permanent record and provides complete information on each shipment, bill of lading, packing list and invoice. Printed block-outs on various forms provide an automatic blackout of data not required.

"Space requirements are minimum. The small duplicators are located on the typists' desks. The floor model requires less than desk space. Time of duplication has been reduced from a full day to under 2 hours a day. Time savings are apparent in all operations and more work is accomplished with less pressure."

Highly pleased with the results of the first installation, the Alan Wood company not only provided for similar installations in all eight plants, but in addition to the duplicators assigned to invoice operations, they use DITTO machines in other areas, such as running off mill orders.

Guides to Improved Executive Operation

KEEPING INFORMED

COMMON SENSE PAYS OFF—A leaflet containing basic common sense rules for safe operation of the motor vehicle, presented in an informal and original manner. The brevity of the message and attractiveness of design make the leaflet a valuable medium for public education in traffic safety, suitable for both experienced and inexperienced drivers. A valuable insert with pay envelopes. \$3.25 per 100 copies. Write Association of Casualty and Surety Companies, 60 John St., New York 38, N. Y.

EQUAL JOB OPPORTUNITY IS GOOD BUSINESS—Eight steps taken by companies which have proved it is good business to eliminate racial and religious discrimination in employment are traced in this booklet, available from President Eisenhower's Committee on Government Contracts, Washington 25, D.C.

CATALOG OF PERSONNEL MATERIALS FOR BUSINESS AND INDUSTRY—In its latest revision the catalog adds a chart of tests for 80 different jobs and 14 classification tests to measure aptitudes. Write Dept. XB, Science Research Associates, 57 West Grand Ave., Chicago 10, Ill.

SALES FORECASTING FOR SMALL BUSINESS—A booklet, recently released, covers management aids for small business, tells how to develop a forecast, where to find needed statistics, how to use them and forecasts. Write to Small Business Administration, Washington 25, D.C. Free.

THE FIDELITY-PHILADELPHIA TRUST COMPANY, Broad and Walnut Sts., Philadelphia 9, Pa., has completed a research study of "Population Growth: Its Impact on Business." Copies may be obtained on request. Free.

MORE PROCUREMENT—Advance information on military purchases, ten days before invitations to submit bids. Write Department of Commerce Field Service, 433 W. Van Buren street, Chicago 7, Ill. \$7.00 a year.

Informative reports, pamphlets, circulars, etc., which may be of interest to you. Please write directly to the publisher for them. CREDIT AND FINANCIAL MANAGEMENT does not have copies available.

To expedite receiving these booklets, please address all inquiries concerning Efficiency Tips to CREDIT AND FINANCIAL MANAGEMENT, 229 Fourth Ave., New York 3, N.Y.

EFFICIENCY TIPS

422—"A Guide to the Efficiency Use of Envelopes" and free samples will be sent to you by the UNITED STATES ENVELOPE COMPANY. This booklet shows you 26 ways envelopes can help you speed operation, eliminate errors, increase efficiency, and lower your costs. Some of the samples include inter-departmental envelopes, self seal payroll envelopes, "dubl-grip" self seal envelopes, and envelopes for your bulky first class mail that can be sealed without moisture. Free upon request.

423—Business partnerships frequently become involved in the event of one partner's death. The TRAVELERS INSURANCE COMPANY has issued a very worthwhile booklet on "Partnership Life Plans" protection. Ask for a copy. Free.

424—AMERICAN WRITING PAPER CORPORATION offers a test kit of office papers and a unique letter placement guide for improving the appearance of your letters. Copy free on request.

425—OLD TOWN Corporation has a new Spirit System Duplicator on a rental or trade-in-basis. Complete information on request. Free.

426—Distinctive correspondence now can be achieved on any of REMINGTON RAND's electric, standard or noiseless typewriters through the introduction of a large variety of Executive styles. They are designed to satisfy individual preference and to complement a firm's letterhead. For additional information, request folder.

427—How to keep fit without effort says the copy. The booklet is dedicated to all masculine office workers who now (or eventually will) feel concerned about their waistlines, who are making the best of frayed nerves, a tired back, or a general feeling of listlessness. The booklet lists three essentials to keeping fit. How Do/More Chairs provide the help is explained in the Posture 4 Program Booklet. Write us for a copy.

BOOK REVIEWS

AMERICAN PUBLIC FINANCE—(Sixth Edition)—by William J. Shultz and C. Lowell Harriss. \$8.65. Prentice-Hall, Inc., 70 Fifth Ave., New York 11, N.Y.

† This new edition presents a complete coverage of public finance and its place in our modern American economy. It offers a concise, balanced treatment of the administrative and fiscal policy aspects of public finance, with all developments in American statutory and judicial fiscal law. Besides covering taxation, debt management, borrowing, and economic and social trends in current government expenditure, several new additional features are included. A dozen charts, over 25 tables and two appendices are included as aids to studying and understanding American public finance.

ESTUDIOS DE CREDITOS Y COBROS (Studies of Credits and Collections).

† Here is a fresh approach in Spanish intended as a guide for new members of the credit fraternity in Cuba. The 450-page volume is the first work of its kind in the language of Cuba, writes the author, Jorge Armenteros Diaz, of the credit department of Sabates S.A., subsidiary of the Procter & Gamble Company, Calle 23, No. 105, Vedado, La Habana, Cuba. For details write the author.

OTHER BOOKS REVIEWED AND RECOMMENDED

THE ECONOMIC STRENGTH OF BUSINESS AND PROFESSIONAL WOMEN—by Babette Kass and Rose C. Feld. \$1.50. The National Federation of Business and Professional Women's Clubs, Inc., 1790 Broadway, New York 19, N.Y. A research by Columbia University Bureau of Applied Social Research, based on a questionnaire and presenting many tables of statistical data.

WHAT ABOUT MUTUAL FUNDS—For everyone interested in a rapidly developing approach to investment, here is a concise and authoritative guide and analysis of mutual funds. By John A. Stratley, \$2.50 (Harper & Brothers, New York, N.Y.)

Books reviewed or mentioned in this column are not available from CREDIT AND FINANCIAL MANAGEMENT unless so indicated. Please order from your book store or direct from the publisher.

Legal Rulings and Opinions

Inventory Valuation Method

The Commissioner's permission is required to use the 'LIFO' (last-in, first-out) method for inventory valuation even if a predecessor company may have had permission for such use. A new entity resulting from a tax-free reorganization did not request permission to use this method on the theory that the permission previously obtained by the proprietorships continued because of the tax-free reorganization. Because it failed to conform to the regulations, the tax court held that the Company was not entitled to use 'LIFO' and taxes for all years not closed by the statute of limitations must be recomputed using the 'FIFO' method. (*Textile Apron Co., 21TC (No. 17)*).

Nowadays women's clothes are not designed so much to make a girl look slim as they are to make a man look 'round.

—Earl Wilson

For Want of a Nail . . .

The fact that a bank's employees did not issue a letter of credit promptly, and did not scrutinize all documents relating to the transaction, cost the bank \$28,500 in the case of Caloric Stove Corporation, in U. S. Court of Appeals, Second District. A letter of credit had been applied for, the stove corporation's president depositing \$65,250 to cover purchase from a broker of 300 tons of steel sheets, with the stipulation it was to be paid against presentation of commercial invoice and railroad bill of lading evidencing the shipment of 300 tons of rolled prime steel sheets, described by number and gauge. The corporation official signed all the forms presented him by the bank.

On the 16th of the month the broker presented two documents at the bank, one an invoice, the other a bill of lading to the broker's order, describing the steel in general terms. The letter of credit had not at that time been prepared or delivered. The bank paid out the entire sum of \$65,250 against these documents. On arrival and inspection of the steel on the 21st and 22nd, the company found

it did not correspond with the contract with the broker.

The company sued for \$57,750 from the bank, \$7,500 having been obtained by salvaging of the steel.

A verdict of \$28,500 for the plaintiff was appealed by both parties. The bank pointed out that the Caloric official did not specifically protest to it until the 29th, although he had "expressed his indignation on the arrival of the first shipment on the 21st" and it was the bank's contention that the delay in protesting had stopped Caloric from raising the objection. The U. S. Court of Appeals held for the plaintiff, but said the amount of the award was in the province of the lower court.

Who Pays Estate Taxes?

"General" estate may mean "residuary" estate, according to a ruling of the New York surrogate's court in the matter of payment of estate taxes (*Estate of Charles S. Whitman*).

The will of the decedent directed, first, that his debts be paid; second, that all taxes imposed upon his estate, including inheritance and estate taxes, state and federal, upon any device or legacy made by him, "shall be paid out of my general estate by my executors before any

division or distribution of my estate shall be made"; third, that one-third of all his property be paid to his wife, "her heirs, administrators and assigns forever." Paragraph 6 bequeathed "all the rest, residue and remainder" of the property to be divided equally among the decedent's children.

The widow contended that under the terms of the will she was entitled to one-third of all the property owned by the testator at the time of his death, without reduction of this testamentary share by the amount of any debts, expenses of administration or taxes, and that the residue of the testamentary estate bequeathed by paragraph sixth of the will must bear the payment of such debts, taxes and expenses. The children, on the other hand, as residuary legatees, urged that the widow's share of the one-third of all the testamentary property should be computed only after such deductions.

In the absence of directions in a last will and testament that the estate taxes shall be paid out of specific funds or properties of the estate, as, for example, out of the residuary estate, they are required under New York State law to be equitably apportioned among the persons interested in the gross estate. Where the will directs that such taxes shall be paid out of the testator's "general" estate, the courts have held this can mean his "residuary" estate.



ADVERTISING MEDIA CREDIT EXECUTIVES ASSOCIATION elected these officers and directors at their annual meeting in St. Louis. Seated (l to r) Arthur Gerecke, *Post Dispatch, KSD, KSD-TV, St. Louis*, vice president; Robert T. Holman, *The Cleveland Press, Cleveland*, president; L. F. Sullivan, *The Register and Tribune Co., Des Moines*, secretary. Standing (l to r) directors John F. Clarke, *The Toronto Star Ltd. and Star Weekly, Toronto*; Royce Sehnert, *Wichita Eagle Publishing Co., Wichita*; Gilbert W. Sites, *The Times-Mirror Co., KT-TV, Los Angeles*; J. Lester Moore, *Atlanta Journal-Constitution, WSB, WSB-TV, Atlanta*; Henry G. Baker, *Oklahoma Publishing Co., Oklahoma City*. Not in picture are Mrs. Hermine Fischer, *The Christian Science Monitor, Boston*, treasurer; and directors Samuel B. Goodman, Jr. *The Evening Star Newspaper Co., Washington, D.C.*; Chet Billings, *Meredith Publishing Co., Des Moines*; and Everett O. White, Jr., *Providence Journal Co., Providence*. Mrs. Fischer authored the "Credit Problem" feature in the CFM issue of June 1953.

UP THE EXECUTIVE LADDER

JOHN G. HEWITT has been named vice president of the First National Bank of Jersey City, N.J. Prior to his advancement he was assistant vice president and manager of the consumer credit department, which he had organized on joining the bank in 1949. He will continue to direct that department and in addition will have responsibility in the business development and public relations programs of the bank.

Another recent appointment at First National of Jersey City is that of **Herbert S. Croft**, who returns as vice president and trust officer. A graduate of New York University with a B.S. in banking and finance, the John Marshall College of Law, and of the Graduate School of Banking at Rutgers University, Mr. Croft previously had been with the bank from 1935 to 1949, when he left to go with the Alamo National Bank of San Antonio.

MARTIN W. NELSON, formerly secretary and treasurer, has been named president of Atkinson Milling Company, Minneapolis, Minn. He retains his responsibilities as treasurer. Mr. Nelson began with the company in 1920 as accountant and office manager and advanced successively to secretary and assistant treasurer 1939, treasurer and general manager 1943, executive vice president and treasurer in 1946. In 1949 he was renamed secretary and treasurer under a company program to reduce the number of corporate officers.

CONGRATULATIONS TO—
CRAIG B. McKOWN, named supervisor of accounting—container division, Jones & Laughlin Steel Corporation, in charge of accounting activities for the nine plants of the division, with headquarters in New York City . . . **ROBERT A. KEMPE**, formerly division sales manager of Thompson Products, Inc., who has been appointed vice president, treasurer and general manager, Metalphoto Corporation, Cleveland . . . **JOHN WATTS**, appointed a vice president of the Bank of the Manhattan Company, New York, following five years' service abroad as European and Middle East representative of the bank. . . .

WILBUR E. WRIGHT, who has been appointed assistant vice president, Peoples First National Bank and

Trust Co., Pittsburgh . . . **ERNEST W. SASSE**, first vice president, San Antonio Wholesale Credit Men's Association, named controller of the Lone Star Brewing Co., San Antonio, in addition to his responsibilities as assistant secretary and assistant treasurer . . . **JOHN P. HOWLAND**, elected to the newly created post of executive vice president, Landers Corporation, Toledo . . . **LAWRENCE VIARENGO**, now treasurer, Paillard Products, Inc., New York City.

J. EARLY HARDESTY, elected treasurer, The Black & Decker Manufacturing Co., Towson, Md. . . . **GEORGE J. ZIMMERMAN**, staff assistant for



JOHN G. HEWITT



HERBERT S. CROFT

management controls, The Carborundum Co., Niagara Falls, N.Y. . . . **CHARLES HERRMEYER**, chief financial officer of the Crosley and Bendix Home Appliances divisions, Avco Manufacturing Corp., Cincinnati . . . **E. F. HERBEL**, credit manager, Pomona Tile Manufacturing Co., Pomona, Calif. . . . **SIDNEY G. LARKIN**, treasurer of The Englander Co., Inc., Chicago, and continuing his duties as controller . . . **C. D. VANNOY**, controller and a member of the operating committee, International Resistance Co., Philadelphia . . . **ALFRED R. MARTIN**, elected treasurer, Pioneer Flour Mills, San Antonio.

DONALD P. SELLECK has been advanced to assistant controller, Minnesota Mining & Manufacturing Co., St. Paul, in charge of cost accounting operations and coordination of division controllers' activities. He joined the 3M organization in 1941 and advanced from cost accountant through supervisory and plant office manager positions to division controller, which post he held from 1951 up to his recent promotion.

DALE E. MOON has been appointed credit manager, Wyandotte Chemicals Corporation, Wyandotte, Mich., to succeed Miss Ella Freiberg, retired. He began with the company

in February 1953 as assistant credit manager. Prior associations were in sales promotion activity with the 7-Up Co., Akron; as office manager for George Worthington Co., Cleveland, and district credit manager for Standard Brands, Inc., Detroit. Graduated from business college in Columbus, Ohio, in 1938, he attended the 1954 session of the Graduate School of Credit and Financial Management conducted by the Credit Research Foundation, N.A.C.M., at Dartmouth.

MARSHALL K. EVANS has been advanced to budget director, Westinghouse Electric Corp., Pittsburgh, from assistant director, to succeed S. R. Shave, who retired after 41 years' service. Mr. Evans, with the company since 1943, is a graduate of the Pennsylvania State University and Harvard Graduate School of Business Administration.

Promoted at James Talcott, Inc., New York City: **PAUL STRICK**, to assistant vice president and head of the credit department, and **ROBERT J. ENGLAND**, to vice president, with responsibilities as account executive in the factoring division. Mr. England began his career with the Chemical Bank and Trust Co. (then Chemical National) in 1925 and was for two years assistant to the deputy superintendent of banks, New York State Banking Department before joining Talcott in 1933. Mr. Strick, a graduate of Manhattan College, became associated with the Talcott organization in 1937.

WALTER F. WOLFE has been named controller of Haydu Brothers, Plainfield, N.J., recently acquired subsidiary of the Burroughs Corporation, Detroit. He began with the Houston office of Burroughs as a sales trainee in 1935 and most recently was manager of the methods and procedures division of Burroughs.

MISS HELEN M. FOSTER, credit manager of Pullman Couch Company, Chicago, has been appointed assistant secretary of the company.

JAMES V. McLAUGHLIN, general credit manager and assistant treasurer, American Mineral Spirits Company, New York City, has been appointed assistant sales manager of the eastern division.

\$21 Billion Consumer Credit Laid to Middle Income Group

The middle-income group is the mainstay of the 21 billion dollar consumer credit industry. The average new car buyer is in the \$400-\$500 a month income class and pays an average of \$79 a month for his new model car. The average used-car buyer earns between \$300-\$350 a month and his average payments are \$53.

Underscoring the effect of consumer credit on our national economy in raising the standard of living and keeping employment at a high level, C. A. Bimson, president of the Valley National Bank, Phoenix, Ariz., compares the automobile and television industries to illustrate the influence of credit buying on each. Because of early hesitance in working out an automobile financing plan, it took 16 years for automobiles to become a billion dollar industry, whereas television, aided by much more widespread credit facilities, passed the \$2 billion level in its fourth year of volume production.

Mr. Bimson spoke before the international consumer credit conference of the National Retail Credit Association.

Modern Horatio Algers Honored

Symbols of success under the free enterprise system, the heads of a number of business concerns who reached the top the "hard way" were awarded business Oscars by the Free Enterprise Awards Association, Inc., an organization which calls itself "the champion of the free enterprise cause." Among the recipients were Robert S. Graves, president, Louis L. Libby Food Products,

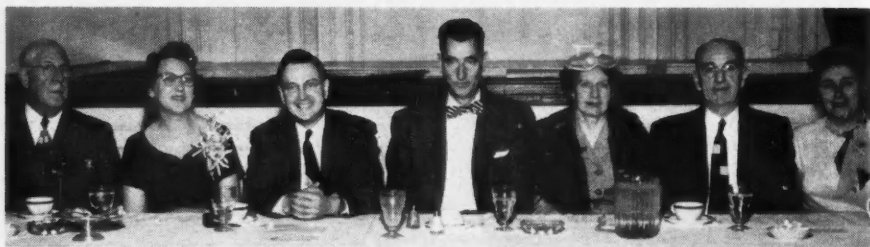
THE PERSONNEL MART

Experienced in Financing

CREDIT EXECUTIVE—Administrative background in finance, industrial and wholesale. Has broad experience with large company in credit and collections, cash forecasting, dealer financing and related responsibilities. Accustomed to making top level decisions. Will relocate. Available January 15th. Box CFM 414.

Credit Executive Available

CREDIT EXECUTIVE seeks position with progressive firm. Broad-gauge experience in credits, sales, banking, finance. Degrees in law, graduate business, psychology. Good administrator with dynamic personality. Will relocate. Resumé on request. Box CFM 415.



TESTIMONIAL LUNCHEON to William C. Hall, general credit manager, Sylvania Electric Products, Inc., immediate past president of the Boston Credit Men's Association, reflects the good wishes of his friends on his transfer to Buffalo, N.Y., where Sylvania now is operating its general credit department. A scroll was presented him in recognition of his work for the Boston association in which, besides being a director for many years, he had been second vice president, first vice president, and president (1951 to 1953). At the head table (l to r): Edwin M. Wolley, United States Fidelity & Guarantee Co., first vice president of the Boston association; Mrs. Hall; Mr. Hall; Ralph H. Mullane, assistant vice president, Liberty Mutual Insurance Co., president; Mrs. Mullane; Raymond P. Coyle, credit manager, Hub Distributors, Inc., second vice president, and Mrs. Coyle.

farm boy then \$20 a month school teacher, who founded four utility companies and pioneered the frozen seafood business. There was Herbert Abraham, president, Ruberoid Company, who from laboratory technician in its one plant developed Ruberoid to 16 plants employing 5,000 persons.

Rationing Raindrops Not Role Of Government, Declares Hauge

Government should "provide freedom for enterprise, not ration raindrops," says Gabriel Hauge, President Eisenhower's administrative assistant for economic affairs, pointing out that the Administration's goal is "economic growth and progress, not economic stability alone," and that America should rid itself of "federal fixation."

Addressing a banking seminar at the University of Wisconsin, Mr. Hauge declared, "We should find ways of doing things other than by a federal idea, federal tax, federal guarantee, or federal corporation."

Dr. John K. Langum, president of Business Economics, Inc., said that in relation to the size of the economy the money supply today is the smallest since the 1920s and no longer is excessive.

Instalment Lending Improves

Banks are showing increased flexibility in instalment loan terms and screening policies, with the leveling off of losses and repossession, according to a survey by the American Bankers Association.

Haloid Manufactures XeroX

The XeroX equipment described in the article on new equipment installation at the Cleveland Forge Plant of Aluminum Company of America (C&FM November issue), is manufactured by The Haloid Company, Rochester, N.Y.

W. J. SIMONS BEGUN ON P. 17

variations in products and rising benefit to the consumer by cost reduction techniques. Following 1955 passenger car sales estimated at 5 to 5½ million units, the executive declares, gradual annual increase for the next decade is to be expected.

At Chrysler, since 1946 an outlay of \$500 millions has been applied to modernizing and automation, "and still many millions more have already been committed," with 4,000 men and women engaged in engineering research and studies. And to the overall program a 100-year loan of \$250 millions has been arranged with the Prudential Insurance Company, one-fourth already received, the balance in three years.

R. J. BARR BEGUN ON P. 16

Michigan Association of Credit Men, meeting at Green Bay, Wis., with this hypothetical but significant question, "Has the postwar wave of investment anticipated the future to such an extent as to leave small opportunity for continued investment?" Professor Barr answered with this excerpt from a study by the Machinery and Allied Products Institute, presented in *Capital Goods Review*: "... Postwar plant and equipment expenditures combined have accounted for no more than a normal percentage of gross private product ... There is no suggestion ... of any excessive investment since the war, nor is there any indication that the recent rate is not sustainable in the future."

Wealthy people miss one of the greatest thrills in life—paying the last installment.

—Changing Times

If you are one of our customers who furnishes us with complete information with each remittance, we wish to thank you very much. If you do not, then the following information with your check will be very helpful to us.

1. Date of invoice.
2. Amount of invoice (not invoice number).
3. Full explanation of deductions, if any.
4. List each credit separately.
5. Amount of discount.
6. Net amount of remittance.

If you pay your statement as rendered, less discounts, the above information is unnecessary.

Electrical Manufacturers Group Re-elects Wolberg

Re-elected to the chairmanship of the Electrical Manufacturers Credit Group, Sidney Wolberg, secretary and director of purchases of Burndy Engineering Company, Norwalk, Conn., has with him as Group vice chairman John T. Carroll of the Corey Company and these committeemen: Milt Bruml, Triangle Conduit & Cable Co.; Milton Cohn, Circle Wire & Cable Co., and Stanley Elmer, Columbia Cable & Electric Co.

Mr. Wolberg joined the Burndy Engineering Company immediately after his graduation from the school of commerce of New York University in 1926 and gained experience in various posts, such as office manager and purchasing agent. In 1935 he was named to the directorate and became director of purchases, including the duties of credit executive. Since 1939 he has been secretary of the company, which has branch plants in the Bronx, New York City; Lynwood, Calif.; New Haven, Conn., and Toronto, Ont.

Interested in credit work since 1932, Mr. Wolberg was a member of the former Electrical Credit Association. Four years later he was active in affiliation of the group with the National Association of Credit Men and has been its continuing chairman.



SIDNEY WOLBERG

My Biggest Headache

Printed Form Helps End Unexplained Deductions

P. D. MERCER, Credit Manager, The Canton Hardware Company, Canton, Ohio

IN reading the recent issues of **FINANCIAL MANAGEMENT** I have noticed the articles regarding unearned and unexplained deductions (Robert Wagner, credit executive, Frank Tea and Spice Company, Cincinnati, September CFM, and F. J. Sohl, assistant secretary, Underwriters Trust Company, New York, December CFM—Ed.)

I decided several years ago to enclose a small printed form with our monthly statement, asking the customer's cooperation and requesting information we would like to have with the remittance.

I am enclosing a sample of this form, which has certainly brought results so far as we are concerned, as our accounts with unexplained deductions are at a very minimum.

How to Treat This Headache? Invoice vs. Goods Receipt Date

J. A. JACOBSON, Credit Manager, Red Star Yeast and Products Company, Milwaukee, Wisconsin.

PERHAPS one of the additional headaches of Credit Management is "The Date of Invoice vs. The Date of Receipt of Merchandise". This problem is especially evident on short term credit of net 10 days and net 30 days. No doubt all industries are confronted with this problem in

various ways, and have set up methods of handling it in collection follow-up.

I would like to know if a study has ever been prepared on this particular problem, and what is considered by the majority of industries as the proper approach and acceptance.

If you have any information relative to this subject, I would greatly appreciate receiving whatever is available.

Flexible Credit One Answer to Day's Problems, Says Banker

Business bigness, Government and full employment are three problem challenges calling for the best judgment of credit executives as a management entity, says Howard C. Petersen, president of the Fidelity-Philadelphia Trust Company.

Emphasizing impetus for the increasing number of mergers comes from the seller because of "the impact of tax laws, need for diversification of products and increased capital requirements for research and product development and for promotion of efficiency," Mr. Petersen noted the increased responsibility of management in wider areas of the economy. And "business cannot operate in a social or political vacuum," he observed.

With credit management administering a flexible policy, "not too liberal in boom times and not too restrictive in periods of economic recession," the bank president also suggested that business "maintain a more stable inventory policy, strengthen its capital structure by financing capital requirements by means of long-term debt or equity issues."

Western Michigan Executives Discuss Insurance, Collections

Intensified attention to credit insurance, collection methods and court collections was given by executives at the Western Michigan Credit Conference, held at Grand Rapids. A talk by Edwin B. Moran, secretary and assistant executive manager, N.A.C.M., titled "A Credit to Credit," featured the dinner meeting. J. B. Penning, credit manager, Johnson Furniture Co., is president of the Grand Rapids Association of Credit Men, which sponsored the conference.

Write Us of YOUR BIGGEST HEADACHE

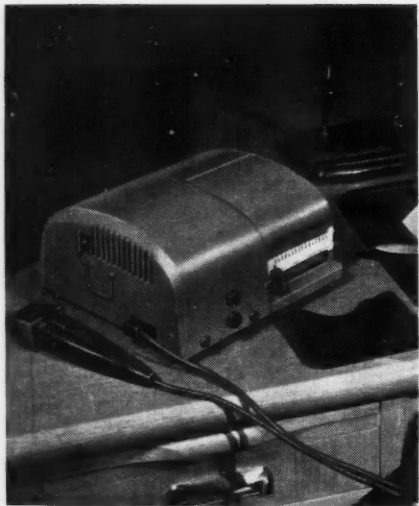
A Workshop-in-Print for readers is a continuing service in the columns of Credit and Financial Management, providing an exchange center for the airing of troubles and the passing along of helps.

Tell us of special difficulties that have popped up in your management operations — read of the "other fellow's" and write this department of the answer your experience suggests for his predicament.

It's all yours "for the asking" —and the answering!

Modernizing for Office Efficiency

introducing new office equipment and systems to effect economies in labor and cost, as well as to speed production of essential office work



New Features for Dictation

A-137 Features of the new PEIRCE MAGNETIC BELT DICTATION MACHINE pointed out as essentials of speed, accuracy, ease and efficiency in modern dictation are precision manufacturing and engineering, minimum service requirement, absolute phasing to assure interchangeability of the magnetic belt, 15-minute recording time and 50 per cent more dictation time, latest styling, a belt that can be reused an unlimited number of times and can be mailed or filed, error-free dictation, combination dictator and



Operates Like Calculator

A-138 Press a lever, and when the multiplication keys are released, the machine automatically shifts over to the next column. Thus it is not necessary to depress the zero key during multiplication. The Step-O-Matic Multiplier Lever gives the Addo-X calculator performance at adding machine prices. The Step-O-Matic machine is manufactured by the ADDO MACHINE COMPANY.

transcriber or transcriber or phone network. A two-week free trial is offered.

No stylus is used. Correction is made by backing up and re-dictating. Every operating control is centered on the hand microphone. An automatic back-spacer permits the secretary to know where she left off in transcribing; the back-spacing of approximately two words when the operating foot is raised allows her to hear the last two or three words she has typed and so maintain continuity. Earphones, foot pedals, erase magnet, carrying case and stands are available for both the dictator-transcriber combination and the transcriber unit. For more details write us.

Ink Eraser Applicator

A-139 Fine line and broader surface ink erasings are possible with the new applicator in Sanford's new ink eraser. The oar-shaped applicator



has fluted sides that pick up the desired amount of fluid and control the flow onto the paper. Even if the bottle is knocked over, only a few drops can spill out of the mouth of the bottle. This ink eraser is put out by the SANFORD INK COMPANY.

Stencils Made Quickly

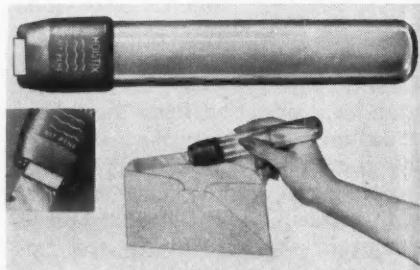
A-140 Electronic method for Mimeograph or Planofax offset stencils produces stencil in six minutes. The Stenafax consists of two drums, rotating at the same rate of speed. An



electric eye "sees" the original copy on one drum and transmits what it "sees" to an electric needle which perforates a stencil on the other drum. Producing masters of strong, durable Vinyl plastic, from any graphic material, the Stenafax enables the owner to use his Mimeograph equipment to relieve the load on his offset duplicator, or vice versa. The Stenafax is manufactured by the TIMES FACSIMILE CORPORATION.

Hand Envelope Moistener

A-141 BERNAY PRODUCTS COMPANY has just introduced its new envelope moistener called the Moistix. This product can moisten envelopes,



stamps, labels, etc. There are no added messy parts, no squeezing and pulling of sponge heads. Just roll it on and the moisture spreads over the area evenly. The Moistix does not dry up, and will not leak in any position.

File Cabinet for Films

A-142 ATLANTIC MICROFILM CORPORATION has designed a file cabinet to hold your microfilms and to serve as a base for your microfilm reader. This cabinet consists of a five-draw-

This Department will welcome opportunities to serve you by contacting manufacturers or wholesalers for further information regarding products described herein. Address MODERNIZING, Credit & Financial Management, 229 Fourth Ave., New York 3.

er unit. The capacity of each file drawer is 100 rolls of 16 mm. film or 68 rolls of 35mm. film. Each of the drawers is partitioned to accommodate four rows of film. Easy accessibility to each roll of film in the cabinet is provided by mounting the drawers on progressive ball-bearing suspension slides. Each drawer is equipped with extra large label holders—four labels per drawer—one for each row of film. Locks on cabinets can be obtained. Further information upon request.

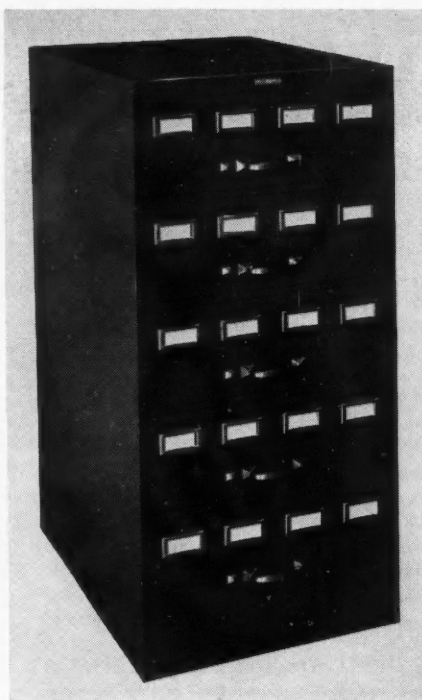
Machine in Harmonizing Colors

A-143 Available in a wide range of personalized colors, the V. P. EDISON VOICEWRITER may be chosen to match or complement the furnishings of office or den. Besides standard features such as portability, the machine has an inverter attachment which makes it possible to dictate in your car, while thoughts are fresh in your mind. The Diamond Disc holds 15 minutes of dictation on each side. If the Edison Televoice system is in use, the same transcription facilities may be used for both, or secretarial accessories can be plugged in to adapt the V.P. for transcription usage.



Phone Sanitation Simplified

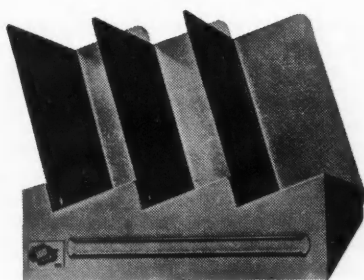
A-144 Just wiping with new disposable cloth wafer, impregnated with an active germicide harmless to human beings, sanitizes and deodorizes telephone mouthpieces in a few seconds. The cloth pads, name Tel-O-Cide, are packed in jars of one hundred, are recommended for regular telephone hygiene in offices, factories or institutions whether using one or hundreds of telephones.



GENERAL SCIENTIFIC EQUIPMENT COMPANY, distributor of Tel-O-Cide pads, emphasizes that moisture from the pad dries almost instantly on the mouthpiece and receiver, requiring no additional wiping to return the instrument to service after disinfecting.

Functionally Designed

A-145 ORDRO is a functionally designed desk organizer for executives and general office use. Patented double angle construction utilizes the principle of gravity to hold contents always in an upright position; and permits easy removal of any selec-



tion without causing other material to fall out of place. This efficiency unit has a wide range of application: for catalogs, directories, manuals, accountant books, interdepartmental and branch office correspondence, blueprints and specifications, ready reference data, etc. For collating, sorting and stacking purposes, multiple units can be placed in a compact workable row. Along with the patented double angle construction, there are sectional dividers for orderly grouping, a title holder for

easy "finger-tip" selection and replacement, rubber studs on base that prevent scratching. The Ordoro, distributed by P. S. Murphy & Co., Inc., comes in a gray hammertone enamel finish.

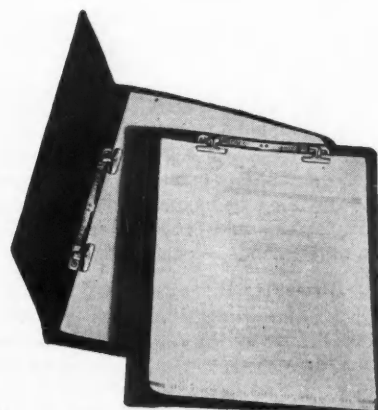
New Extra-Large Armchair

A-146 Designed for the conference room, executive suite, or reception room, this chair has white foam rubber over springs. The back is heavily padded and shaped. The square tubular steel frame has tapered front legs, finished in Plastelle enamel. It is manufactured by the ROYAL METAL MANUFACTURING COMPANY. Write us for additional details.



New Punchless Binder

A-147 CUSHMAN & DENISON MANUFACTURING COMPANY' announces its new Punchless Binder. This binder has a capacity of approximately 50 sheets. For daily use for enclosing and removing papers, this binder will be of greatest value. By simply pushing two slides, papers are quickly bound or released. The cover is of durable pressboard of long wearing characteristics. The compactness of the Binder will make it very suitable as a file folder.



Know Your Insurance Terminology

Types and Classes of Coverage and What They Mean

The glossary of types and classes of insurance coverage and insurance terms, printed herewith, was prepared by an advisory council of the Insurance Group of the Cleveland Association of Credit Men. It is a condensed presentation of only terms met most often in the experience of the average credit man, and is published as a ready guide to a subject of general interest.

This glossary obviously does not begin to cover all insurance terminology, nor does it aim to provide detailed information, but it does have the values of a handy, if limited, guide for development of interest in insurance in relation to credit for those not versed in the area. For detailed definitions, and more of them, the following sources are among the many recommended: The Dictionary of Insurance Terms, by the Chamber of Commerce of the United States, and the following manual-type services: The Fire Casualty & Insurance Bulletins, published by The National Underwriter Service; Policy Form & Manual Analysis Services, by The Rough Notes Company, Inc., and General Insurance Guide, by Insurance Educational Publications.—Ed.

1. ACCOUNTS RECEIVABLE INSURANCE: Indemnifies insured for loss resulting from his inability to collect money due from customers because of destruction or damage from practically any cause to insured's records of accounts receivable.

2. AUTOMOBILE INSURANCE:

Comprehensive—Covers physical loss or damage to the automobile from causes other than collision and upset.

Collision—Covers loss or damage to the automobile caused by collision with another object or by upset.

Bodily Injury Liability—Protects the insured up to the policy limits for all sums he may become legally obligated to pay for bodily injuries caused by accident and arising out of the ownership, maintenance or use of the automobile.

Property Damage—Protects the insured (up to policy limits) for all sums he may become legally obligated to pay for damage to property of others caused by accident arising out of the ownership or use of the automobile.

Non-Ownership Bodily Injury and Property Damage—Covers insured's legal liability for use of non-owned automobiles in business of insured by any person including employees.

Hired Automobiles—Covers insured's legal liability for use of hired automobiles.

3. AVIATION INSURANCE: Coverage is provided for physical damage to the hull from fire, lightning, explosion, crash, collision, tornado, earthquake, flood, collapse of hangar, theft, robbery. Bodily injury and property damage liability. Passenger accident insurance.

4. BINDER: It is customary for companies to issue a form, called a binder, when the issuance of a policy is delayed for any reason, such as fixing the rate or the necessity of drawing a special form. The binder obligates the in-

All of us could retire nicely in our old age if we could dispose of our experiences for what they cost us.

—Indiana Farmers Guide

insurance company as though the policy had been issued. Whenever the policy is issued the binder ceases to cover.

5. BUSINESS INTERRUPTION (USE AND OCCUPANCY) INSURANCE: Indemnifies insured for loss of profits and continuing expenses in case of interruption of business caused by the perils insured against, such as fire, extended coverage perils, boiler explosion and machinery breakdown. **Extra Expense**—Indemnifies the insured for the additional expenses incurred over normal expense for continuing the normal conduct of insured's business in case of interruption of the business by the perils insured against. **Profits Insurance**—Indemnifies insured for loss of prospective profits on finished goods in case of loss or damage by the perils insured against. **Rents or Leasehold Interest**—Indemnifies insured for loss of rental income or his leasehold interest in case of destruction of property from perils insured against.

6. CO-INSURANCE CLAUSE: A warranty in the policy whereby the assured agrees (usually for a reduction in the rate) to carry insurance equal to a given percentage (usually 80 per cent or 90 per cent) of the value of the property insured. In case of loss, when the insurance equals or exceeds the percentage of value stipulated in the policy, adjustment is made without regard to the clause. When the insurance carried is less than the stipulated percentage named in the policy, the insured to the extent of such deficit bears his propor-

tion of the loss. Example: Agreed percentage 80%. Insurance at the time of loss equals 70%. Insurance company pays 70/80ths of loss. Assured stands 10/80ths of loss.

7. COMPREHENSIVE DISHONESTY—DISAPPEARANCE—DESTRUCTION INSURANCE: A contract combining the following coverages in one policy: (1) Employee dishonesty; (2) A—Destruction, disappearance or wrongful abstraction of money and securities; B, and of other property or damage caused by robbery or safe burglary within assured's premises; (3) Same as 2A-2B outside of assured's premises. (4) Loss of securities by destruction, disappearance or wrongful abstraction from a leased safe deposit box. (5) Depositors forgery.

8. COMPREHENSIVE PUBLIC LIABILITY: A comprehensive form of policy covering all the general liability hazards of an insured's business, including legal liability from bodily injury; property damage from premises operations, and operations away from premises; for use and maintenance of elevators; contractual agreements, with automatic coverage for change of operations, new locations acquired, new construction and certain forms of contractual liability. Policy may also include bodily injury and property damage liability for bodily injuries, sickness or damage caused by products manufactured, sold or distributed by the insured.

9. CREDIT INSURANCE: This coverage is a guarantee to manufacturers, wholesalers, advertising agencies and certain service organizations that they will be paid for merchandise shipped or for services rendered. It is protection against the inability of a debtor to pay his obligations as they mature and, in effect, carries on to accounts receivable the insurance coverage which was on the goods before they were shipped. Credit insurance does not guarantee credits; it guarantees capital invested in accounts receivable.

10. FIRE INSURANCE: Furnishes indemnity for loss by fire or lightning to property insured. Policies may be extended also to cover loss caused by windstorm, tornado, hail, explosion other than steam boilers, airplanes or objects falling therefrom, vehicle damage, riot and civil commotion, vandalism and malicious mischief and damage. Most fire insurance is written on the sound insurable value basis; that is, the cost of replacing the property damaged or destroyed less depreciation for age and use. However, in the last several years, and on certain types of property, the fire and extended coverage insur-

ance can be written on the *Replacement Cost Basis*—where the property is replaced after loss or damage, the companies pay the actual cost of replacing. Further, on certain types of risks, replacement cost insurance can be used in writing machinery, furniture and fixtures.

11. INLAND MARINE INSURANCE: Offers protection either from specified perils or practically all risk perils to property of assured away from insured's premises located temporarily elsewhere, including property in transit, such as property being processed by others or being installed in premises of others, property in transit, customers goods in laundries or dry cleaning establishments, assured's interest in property sold on installment payment plan, jewelers block, salesmen's samples, also many other forms available covering valuable personal property.

12. MONEY AND SECURITIES: Covers all loss (except employee dishonesty) or destruction of money and securities while within the insured's premises or while in custody of a messenger outside such premises.

13. OCEAN MARINE INSURANCE: Covers freight and cargo during ocean transportation, together with shore risks and inland risks incidental thereto.

14. OPEN STOCK BURGLARY: Covers loss of or damage to merchandise, fixtures, and other property (excluding money, stamps and securities) incidental to insured's business, caused by burglary within the premises. Theft coverage may be included in certain instances for an additional premium.

15. PARCEL POST INSURANCE: Is written in either of two forms to cover loss caused by "all risks" while in custody of the postal department until arrival at addressee's premises. Open reporting form for large shippers is written on daily record of shipments and reported monthly. Coupon form for smaller shippers is obtainable in books of coupons, good for one year with redeemable value for unused coupons.

16. PRODUCTS LIABILITY: See "Comprehensive Public Liability." (Paragraph 8.)

17. PRODUCTS PROPERTY DAMAGE: See "Comprehensive Public Liability." (Paragraph 8.)

18. RENT OR RENTAL VALUE INSURANCE: See "Business Interruption Insurance." (Paragraph 5.)

19. REPORTING FORMS: Provides coverage against hazards insured against on inventory to 100% of the value by means of setting up maximum limits of liability at individual locations. The annual premium is figured on the average amount of value as shown by assured's monthly statements. The protection given covers fluctuating inventories and relieves the policyholder from adding and cancelling insurance during the policy period.



WORKING OUT the glossary of insurance definitions printed herewith were the following members of the insurance advisory council of the Cleveland Association of Credit Men: (r. to l.) T. L. Schmidt, secretary, Dickinson & Co., Inc.; J. B. Lamb, manager, American Credit Indemnity Co., council chairman; C. E. Dye, first vice president, The Brooks & Stafford Co., and Ralph H. Coleman, association executive secretary and council secretary.

20. SPRINKLER LEAKAGE INSURANCE: Covers damage caused by the accidental discharge of water from the sprinkler system from reasons other than by fire. Some of the common causes are freezing, defective parts, excessive heat, too much water pressure and injury to the system.

21. STEAM BOILER AND MACHINERY INSURANCE: Covers direct damage to steam boilers, piping, tanks and pressure vessels of various kinds due to an "accident" as defined in the policy, also other types of machinery from accidental breakdown. It further covers other property of the insured directly damaged by such accident and the remainder of the insurance, if any, then applies to property of others damaged by such accident.

22. TRANSPORTATION FLOATER: See "Inland Marine Insurance" (Paragraph 11.)

23. WATER DAMAGE INSURANCE: Is written by either fire or casualty companies and is intended to cover only the damage resulting from leaks, overflow or faulty operation of plumbing or similar equipment. It does not cover seepage, rising waters, or backing up of sewers.

24. WORKMEN'S COMPENSATION INSURANCE: Assumes insured's (employer's) obligations under the workmen's compensation laws of the states in which his business operations are conducted, and covers insured's legal liability for bodily injury or death of employees whose employment does not come within the scope of any workmen's compensation law. This coverage applies to employees outside of the State of Ohio. Ohio employees are covered under a monopolistic state fund.

25. VALUABLE PAPERS INSURANCE: An all risks contract covering property such as books, records, maps, drawings, abstracts, deeds, mortgages, manuscripts, documents and other similar written or printed papers and documents. In case of loss, policy pays the actual cost of replacing the destroyed or damaged property.

26. EARTHQUAKE INSURANCE: Coverage can be provided for damage sustained by earthquake.

27. FIDELITY BONDS: Insure employers against the loss of money or other property caused by the dishonesty of employees. The property may be owned by the insured or held by him in custody for others. Some bonds specify the coverage while others, in the broadest forms, cover every dishonest act and are divided into many categories.

28. BUSINESS LIFE INSURANCE: Most generally is purchased on the lives of sole proprietors, partners, stockholders and key officers and employees of the company for several basic and fundamental reasons. Some of the major reasons are:

1. Purchase of stock or business interest.
2. Indemnification of the business for loss of key employees.
3. Strengthening of the credit structure of business at the time most needed.

WHEN JOB GETS MAN

"I often tell my people that I don't want any fellow who has a job working for me; what I want is a fellow whom a job has. I want the job to get hold of this young man so hard that no matter where he is the job has got him for keeps. I want that job to have him in its clutches when he goes to bed at night, and in the morning I want the same job to be sitting on the foot of his bed telling him it's time to get up and go to work. And when a job gets a fellow that way he'll amount to something."

Charles F. Kettering

LAST WORD in hospitality, Chicago will demonstrate its right to the title when the 59th Annual Credit Congress gets underway May 8th at the Conrad Hilton hotel.

The ambush and scalplings of the obscure outpost on an Indian frontier not much more than a century ago told the story of a different kind of reception, and certainly were no harbinger of growth into the fourth largest city in the world. They did, however, reflect the courage and intrepidity that stand out on its history's every page.

Out of DeSoto's Discoveries

But Chicago's history considerably antedates the fate of Fort Dearborn, even the Joliet and Marquette expeditions, for it was in the 1500s that Hernando DeSoto made the discoveries of the lower Mississippi that prompted the governor of New France in 1673 to commission Louis

already were standing, the first of them built about 1779 by a native San Domingan, Jean Baptiste Point de Saible. The cabin, taken over five years later by John Kinzie, Scotch Canadian, later became the first postoffice.

Incorporated as Town in 1833

Chief Tecumseh and his Shawnees took to the warpath and in 1812 Captain Heald, commander, was ordered to evacuate Fort Dearborn. Captain Wells and friendly Indians went to help. Massacre awaited the band of less than 100 and the fort was burned the next day. Rebuilt in 1816, Fort Dearborn saw the last of the Indian threats when the tribes, after the Black Hawk War, moved west of the Mississippi.

So 1833 marked the first boom, with incorporation of the settlement of 550 as a town. A city charter was obtained four years later, the pop-

saving of time en route. And there is the maritime access in addition.

Hence the 12½ millions of visitors in a year, and with the multi-varied holiday attractions grows the pronounced family group characteristic of Chicago convention travel, with much to do for all. National headline athletic events the year 'round, a succession of lakeside beaches, the many homes of the arts, the mercantile centers of State Street, the specialty shops of Michigan Avenue. Of the \$5 billions annual retail volume of the city's 43,500 outlets, downtown stores account for 10 per cent in serving a half million shoppers a day.

\$12 Billions in Manufactures

The 13,000 manufacturing plants in city and close-in suburbs turn out \$12 billions in products annually, with \$3 billions invested in new plants since 1940. Steel production

CHICAGO, Nation's Travel Center, Has Everything To Attract a Record Credit Congress Come May

Joliet to search out the upper reaches of the Father of Waters. Sought was the link in a waterway chain from the St. Lawrence and Great Lakes to the Gulf of Mexico and the Old World, a link soldered into the whole in 1944 by completion of a Federal engineering project southwest of Chicago.

Father Jacques Marquette in a year followed Joliet's visit and established a mission for the Indians. Here ensued sporadic visits by trappers and explorers. Then in 1759 the British and Colonists conquered New France. The British in turn felt the sting of eviction by bullets when George Rogers Clark and his rebel frontiersmen took over, a few decades later.

Fort Dearborn—and Massacre

It was in 1795 that the United States Government acquired a patch of land six miles square on Lake Michigan, at the mouth of what is now the Chicago river, by treaty with the Indians. Eight years later were erected the blockhouses and stockade of Fort Dearborn, named after a hero of the Revolution and then secretary of war, General Henry Dearborn. Commanding the troops was Captain John Whistler, grandfather of the artist. Before their arrival, several traders' cabins

ulation then 4,000 (today a metropolitan concentration of 5,500,000). It was in 1847, with the coming of the first rail line, the Galena and Chicago Union, forerunner of the Northwestern System, that the real spurt began. Despite the Civil War the population doubled from 109,260 in 1860 to 298,977 ten years later.

Then tragedy—the Fire of October 9, 1871. Whether or not it was Mrs. O'Leary's cow with the kick of a mule, firemen did find an overturned kerosene lamp in the ashes of the stable after the disaster that cost \$200 millions, destroyed 17,000 buildings, rendered 100,000 homeless. In the speedy rebuilding one of the first large projects was the Interstate Industrial Exposition building on the lake front, site of today's Art Institute.

Connecting Center of Nation

Out of such beginnings arose Chicago Today, connecting center of agricultural west and industrial east, cotton-producing south and ore-laden north, with the cheapest water transportation, best railway facilities (1,700 trains daily), leader in air passenger volume. No other community can match it in accessibility to as many people from as many sections, in low cost to get there and in

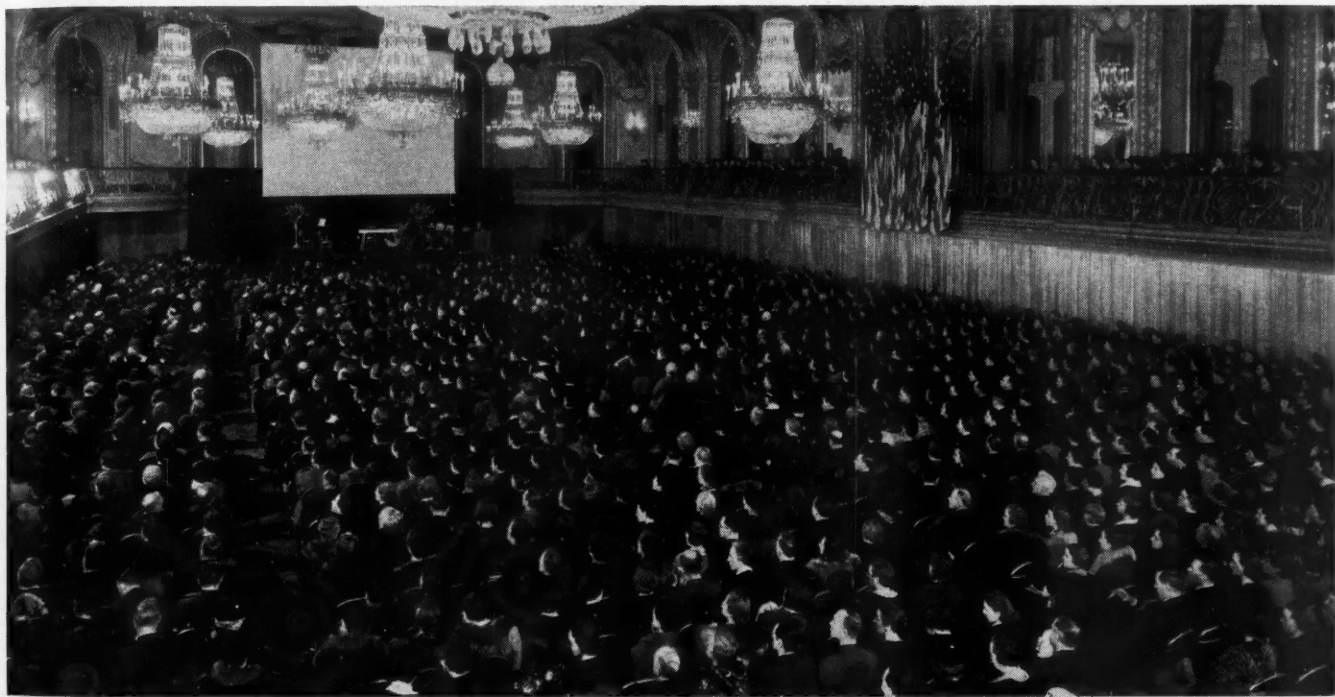
leadership now is accredited to Chicago. The 10,500 wholesaling companies average \$15.5 billions a year. Durable goods industries have one out of five of the 2½ million pay-rollers. Meat processed at the Union Stock Yards in a year could feed the entire nation for two months.

The Chicago Board of Trade handles \$18 billions in grain contracts annually, the Chicago Mercantile Exchange \$1.5 billions in butter, eggs, potatoes, onions, apples. Ninety per cent of mail order transactions tie-in with Chicago, headquarters of four catalog sales organizations serving 40 million American homes.

Enough of statistics. But credit the beginnings of the atomic age to Chicago, with the first successful experiments in atomic reaction at the University of Chicago, and with the first reactor for production of electric power, the first steel girder skyscraper, 1,200 industrial research institutions.

Finally, Chicago the convention center, which points out that since Abraham Lincoln's first nomination in the historic Wigwam, the city has seen more presidential candidates nominated than have all other cities combined.

- - *Because You Will Like Chicago*



Setting for general sessions in the Conrad Hilton Grand Ballroom, for 59th Annual Credit Congress in May.



Up Michigan Boulevard from the Conrad Hilton to the "Magnificent Mile" of the North Side's Gold Coast.



North on State from Madison, "world's busiest corner," with Marshall Field's between the clocks at right.



TEN RECIPIENTS of the Associate and Fellow Awards of the National Institute of Credit, chapter of the Credit Managers Association of Southern California, are shown with Les King of Bank of America N.T.&S.A., president of the chapter, at the presentation in Los Angeles. STANDING (l to r): Paul Cabo, Mueller Co.; Jack Dunlap, Berg Metals Corp.; Julius Hoffman, Union Oil Co.; Les King; James Bloch, Progress Factors; Richard James, Loma Linda Sanitarium and Hospital; Jack Latham, Carr Paper Co. SEATED: Joseph Ruhr, Union Oil Co.; Edwin Smith, Braun Corp.; Ernest Cipriano, Western Lock Mfg. Co., and Stephen Rennick, Swett & Crawford Co.

30 Win Institute's Fellow Award Key

Thirty credit men and women, representing 21 associations, and Canada, have completed requirements for the certificate and key of the Fellow Award of the National Institute of Credit, conducted by the Credit Research Foundation, National Association of Credit Men. Forty-six sat for all or part of the examination, 41 either taking the entire test or finishing parts not previously taken, the others to complete the examination in 1955. An average mark of 70 per cent for the three parts of the test was recorded by the 77 per cent of the students attaining or surpassing the 65 per cent minimum requirement mark.

The parts of the examination, prepared by the national office of the Institute and supervised by the local associations, were as follows:

Part I—LEGAL ASPECTS OF CREDIT: Law of Contracts and Law of Business Transactions or Negotiable Instruments. Cases, problem situations and objective-type questions are used.

Part II—CREDIT MANAGEMENT PROBLEMS: Problems and situations in operation and management of a credit department.

Part III—HUMAN RELATIONS IN CREDIT: May include cases and problems involving human relations between (a) credit and sales departments, (b) workers and supervisors, (c) employees and employers, (d) credit department and customers, and (e) a particular company and the public.

Those who passed the 1954 examination are:

WILLARD S. GATES, American Oil Company, Albany; NOBLE M. MCGUIRE, Cabin Crafts Inc., Atlanta; MARY C. McCAFFREY, Beach Soap Company, Boston; FORREST R. COGSWELL, A. B. Dick Company, Chicago; OTTO W. MIELKE, Acme Steel Company, Chicago; THOMAS J. O'KEEFE, Johnson & Johnson, Chicago.

MILTON H. ANDERSON, Graybar Elec-



WILLARD S. GATES (center), credit manager of the American Oil Company's Albany (N.Y.) division and a newly elected director of the Albany Credit Men's Association, is presented with a fellowship award in the National Institute of Credit by William J. Dickson, associate director of the Institute, at a meeting of the Eastern New York Association of Credit Executives which Mr. Dickson addressed. A. Roland Will (left) of General Electric Company, Albany, is president of the Eastern New York association.

tric Company, Cincinnati; M. ANGELA WISE, Seybold Paper Company, Cincinnati; A. F. HUGE, JR., August F. HUGE & Sons, Inc., Houston; JAMES J. BLOCH, Progress Factors, Los Angeles; ERNEST P. CIPRIANO, Western Lock Mfg. Co., Los Angeles; JACK C. DUNLAP, Berg Metals, Los Angeles; JACK J. LATHAM, Carr Paper Company, Los Angeles; JOSEPH F. RUHR, Union Oil Company of California, Los Angeles.

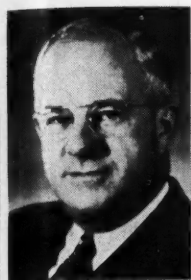
MAURICE J. DUTSCHKE, Kister Lumber Company, Inc., Louisville; ERNEST B. HOLT, JR., General Shoe Corporation, Nashville; G. ALBERT KNESEL, The Hibernia National Bank in New Orleans; W. F. PHILLIPS, American Sugar Refining Company, New Orleans; R. B. ROSBOROUGH, Westinghouse Electric Supply Co., New Orleans; JOHN W. SALISBURY, Southcoast Corporation, New Orleans.

FREDERICK C. DIETZLER, Virginia Woolen Company, New York; THOMAS J. HEALEY, Fairchild Publications Inc., New York; PHILIP A. IRISH, JR., National Lead Company, New York; RICHARD E. EDWARDS, Bemis Bros. Bag Co., Omaha; JAMES G. BARNHARDT, Electric Storage Battery Co., Philadelphia; D. C. PORTER, Standard Pressed Steel Co., Jenkintown, Pa.; JOSEPH M. DOUGHERTY, United States Steel Corp., Pittsburgh; ROBERT R. DELANEY, General Electric Supply Co., Sacramento; ALBERT E. PRESS, Utah Power & Light Co., Salt Lake City; GORDON G. WILLIAMS, Sealright Co., Inc., Syracuse; JAMES A. SWEENEY, Owens-Illinois Glass Company, Toledo; CHARLES DUPRE VALPY, The Bank of Toronto, Toronto.

The 1955 examination will be given on June 6, 7 and 8.

Bausch & Lomb Optical Names C. S. Hallauer to Presidency

Carl S. Hallauer has been elected president of Bausch & Lomb Optical Company, Rochester, N.Y., to succeed Joseph F. Taylor, named chairman. Mr. Hallauer continues as president of Bausch & Lomb Optical Company, Ltd., of Canada, a post he has held since formation of that unit in 1935. He also continues as head of Bausch & Lomb do Brasil, Ltd., the company's South American subsidiary.



C. S. HALLAUER

An authority in the field of industrial relations, civic and political leader and director in several businesses and banking organizations, Mr. Hallauer's beginnings were humble. He was orphaned at 9 and became a newsboy. He joined the optical company in 1918 as director of industrial relations, following service with Eastman Kodak Company, for which he had developed one of the country's first formalized industrial recreation programs. In 1935 Bausch & Lomb appointed him vice president in charge of sales, industrial relations and purchasing and in 1952 he became executive vice president. He is a trustee of Clarkson College and of the Rochester Institute of Technology, and a member of the Society of the Cincinnati.

Credit and Sales Relations Among Quad State Topics

Discussion of credit sales interrelations, by C. R. Martin, manager, Quaker Oats Co., St. Joseph, Mo., and a talk on warehousing procedure, by U. T. Thompson, assistant to the president, Lawrence Warehouse Co., New York, were among the specialized areas enlisting the attention of conferees at the Quad State Credit Conference in St. Joseph, Mo. A panel presentation and "off-the-cuff" sessions with industry leaders of the area were also highlighted.

Delegates from Missouri, Kansas, Oklahoma and southern Illinois heard G. Robert Gadberry, assistant cashier and director of advertising and publicity for the Fourth National Bank, Wichita, Kans., on the topic "20th Century Samson," and Professor E. C. Buehler, University of Kansas speech department, and W. Van Murchie, Mechanics Bank, St. Joseph.

Mayor Stanley I. Dale of St.



THEY'LL DIRECT ACTIVITIES of The Lexington (Ky.) Credit Men's Association this year—Seated (l. to r.): W. C. Heacox, credit manager, Purcell's Inc., president; Louis L. Lee, manager, General Electric Supply Corp., vice president; S. J. Schneider, retired executive manager of the Louisville Credit Men's Association, guest speaker. Standing (l. to r.): directors J. W. Mann, office manager, Lexington Herald Leader; Curtis Mulcahy, manager, Lexington Glass Co.; John H. Yellman, secretary-treasurer, United Service Co. Directors not in photograph: A. G. Mainous, president, Citizens Bank & Trust Co. and A. J. Weisenberger, owner, Weisenberger Sanitary Flour Mills. L. Snyder is secretary-manager of the Lexington association.

Joseph, Mo., welcomed the conferees to the two-day meeting. W. E. Raines, treasurer and credit manager, Ross-Frazer Supply Co., is president of the host St. Joseph Association of Credit Men.

In his discussion of business prospects in the coming months, Henry H. Heimann, executive vice president, National Association of Credit Men, pointed to signs of improvement in the mail order and farm implement business, but noted that farm income may decline a bit further.

Dr. J. L. Zwingle, president, Park College, was moderator for the panelists: H. N. Stevenson, chairman of the board, Rainbo Bread Co.; J. M. Ford II, president, First National Bank; E. D. Plummer, chairman, Tootle Dry Goods Co.; and E. Y. Lingle, president, Seitz Packing Co.

Workers Over 60 Found Doing As Good a Job as the Younger

Replies of supervisors over 3,000 workers past 60 years showed they were doing just as good a job as their juniors and in some respects even better, says the University of Illinois Bureau of Business Management. That goes for dependability, judgment, work quality and volume, absenteeism, and relations with other workers.

G. T. Thomas Succeeds Gielen On Directorate of N.A.C.M.

G. T. Thomas, elected to the board of directors of the National Association of Credit Men to represent District No. 6, Central Division, is manager of credit and accounting for the Sherwin-Williams Company, Chicago. The election follows the resignation of Walter Gielen, on his move east.



G. T. THOMAS

Mr. Thomas, member of the National association for 40 years, and past president of the Chicago Association, is chairman of the advisory committee for the 59th Annual Credit Congress, in Chicago May 8-12.

In his years in the Chicago association he also has been a vice president, director and councillor, besides serving on practically all committees. Nationally he has been a member of committees on legislation, education and nominations.

The new N.A.C.M. director has been associated with Sherwin-Williams 24 years. The paint company has 750 branch offices, 67 of them members of National.



CLOSER INTEGRATION of services of investigative representatives of the Fraud Prevention Department of the National Association of Credit Men with the activities of the local associations, was discussed at a meeting in Chicago. The gathering was in connection with the first annual convention of the Society of Former Special Agents of the Federal Bureau of Investigation, Inc., at which Mortimer J. Davis, executive vice president of the New York Credit & Financial Management Association, was elected president of the Society. Details of Mr. Davis' services with the F.B.I. were published in the October issue of Credit and Financial Management with the announcement of his nomination to head the Society.

In the picture of N.A.C.M. Fraud Prevention Department representatives are (l to r) Thomas F. McDevitt, Philadelphia; Harry J. Hayes, Milwaukee; Carl W. Hughes, Berkeley (retired, former representative in San Francisco); Frederick H. Schrop, New York, Department special representative; Mr. Davis; John C. Fredell, Jr., Department director; Edwin B. Moran, N.A.C.M. secretary and assistant executive manager; Albert H. Johnson, Chicago; John E. Holmes, Detroit; Anthony S. Fernandez, Cleveland; Charles B. Allen, Boston; and Walter E. Dence, Miami.

DEATHS

Nitze Was Past President Of Houston's Credit Men

The death of R. C. Nitze, 67, secretary of W. L. Macatee & Sons, Inc., of Houston, followed a long career



R. C. NITZE

in the service of credit. His interest in organization was reflected by terms as president, councillor and director of the Houston Association of Credit Men.

He was a charter member of the church of which he had been treasurer for 19 years, finance committee chairman at one time and recently elected chairman of the board of deacons.

Pallbearers included officers and other personnel of W. L. Macatee & Sons, Inc., one of the oldest building material supply houses in Houston.

Mr. Nitze was chairman of the Building Material and Construction committee for the Industry Group meetings at the 56th annual Credit Congress in Houston in 1952.

Otto E. Moen

Otto E. Moen, assistant manager of the adjustment bureau division, Credit Managers Association of Southern California, Los Angeles, died at the age of 56. He had joined

the association, then known as the Los Angeles Credit Managers Association, 30 years ago.

Frank W. Main, Pittsburgh CPA Pioneered Tax-Relief Campaigns

Frank Wilbur Main of Pittsburgh, founder and senior partner, Main & Company, C.P.A.'s with offices in nine cities, died at his seashore home in New Jersey. He was 64.

A member of the Credit Association of Western Pennsylvania, Mr. Main was active in many organizations and had served as president of the American Society of Certified Public Accountants and the Pennsylvania Institute of Certified Public Accountants. In 1943 he led the campaign for a simplified income tax plan which, as the Federal Incentive Income Tax Plan, reached the House of Representatives for legislative consideration in 1946. He fought the excess profits tax and double taxation of corporate dividends, and is credited with having established the first accounting course in the evening school of economics at the University of Pittsburgh.

E. C. Scott

Earl Calvin Scott, Kirkland, Wash., died unexpectedly on his return from a business trip. He was president of the Seattle Association of Credit Men 1930-31.

T. J. Whearty

Thomas J. Whearty, past president and a life member of the New York Credit & Financial Management As-

sociation, died at the age of 73. He had retired from the National Carbon Company, New York, several years ago.

L. W. Rossman Dies

Lawrence W. Rossman, treasurer of the Davenport Machine Tool Company, Inc., Rochester, N.Y., and a former board member of the Rochester Credit & Financial Management Association, died at 44 years.

J. D. Ford Named to Board of College of Steubenville

James D. Ford, general manager of credits, Weirton Steel Company, Weirton, W.Va., has been named a member of the board of directors of The College of Steubenville (Ohio). Mr. Ford, a past president of the Wheeling Association of Credit Men, Wheeling, W.Va., is a director of the National Association of Credit Men and vice chairman of the national membership executive committee for the eastern division. Other activities of Mr. Ford include the Charter League of Steubenville, director of the Steubenville Y.M.C.A., and trustee of the Fraternal Order of Police Associates.

Mr. Ford had been in credit work 24 years when he became associated with Weirton Steel in 1944.



J. D. FORD

Economics and Psychology Attentions at Green Bay

Opportunity to hear specialists in insurance and credits, economic analysis and the psychology of daily living was afforded delegates to the 37th annual Wisconsin-Upper Michigan Credit and Business Conference held in Green Bay, Wis.

Leading off was Leonard W. Larson, assistant secretary, Lumberman's Mutual Casualty Co., Chicago, on the subject "Looking for Trouble in Your Insurance Policies." Orville B. Tearney, manager of credits and corporate insurance, Inland Steel Co., Chicago, and member of the insurance committee, N.A.C.M., had as his topic "Evaluating the Credit Risk."

In his talk on "Business and Credit," Henry H. Heimann, executive vice president, N.A.C.M., noted that "farm income may be expected to decline a bit further in the year ahead, but the mail order and farm implement business are stabilizing and 1955 should show an improvement in these lines of industry." E. A. Gaumnitz, associate dean, University of Wisconsin school of commerce, and consultant for insurance and industrial concerns, analyzed the economic outlook. "Helpful Guides to Successful Living" was the subject of Dr. William C. Donald II, Milwaukee psychologist.

Earl Haberman, Northern Paper Mills div., Marathon Corp., association councillor, presided, and P. M. Chiuminatto, Charmin Paper Mills, Inc., president, Northern Wisconsin-Michigan Association of Credit Men, welcomed the delegates.

Voss Heads Children's Society

Added community responsibility and honor has come to Harry W. Voss, secretary-manager of the Cincinnati Association of Credit Men, in his election to presidency of the Hamilton County Society for Crippled Children.

N.Y. Association's Board

Sydney L. Hammer, vice president, Manufacturers Trust Co., and Charles R. Rhodes, vice president, Meinhard & Co., Inc., have been elected to the board of the New York Credit & Financial Management Association.

Some men take up law as a profession; others lay it down.

—Saturday Evening Post

CALENDAR OF EVENTS IMPORTANT TO CREDIT

DALLAS, TEXAS

January 14-15

Annual Conference of Secretary-Managers of the N.A.C.M. Southwest District

PHILADELPHIA, PENNSYLVANIA

January 20

Credit Research Foundation Conference

CHICAGO, ILLINOIS

February 17-18

Research Foundation Credit Management Workshop

SAVANNAH, GEORGIA

March 7-8

Annual Conference of Secretary-Managers, N.A.C.M. Eastern Division

BELLINGHAM, WASHINGTON

March 17-18

Annual Northwest Credit Conference, comprising Washington, Oregon and Idaho

CHICAGO, ILLINOIS

May 8-12

59th Annual Credit Conference and Convention, National Association of Credit Men.

STANFORD, CALIFORNIA

July 3-16

Stanford University Session of the N.A.C.M. Graduate School of Credit and Financial Management

HANOVER, NEW HAMPSHIRE

July 31-August 13

Dartmouth College Session of the N.A.C.M. Graduate School of Credit and Financial Management

DULUTH, MINNESOTA

September 16-17

Annual North Central Credit Conference, including Minnesota, North and South Dakota

DES MOINES, IOWA

September 21-22-23

Annual Tri-State Conference, covering Iowa, Nebraska and South Dakota

SAN FRANCISCO, CALIFORNIA

October 5-6-7

Pacific Southwest Annual Credit Conference

WICHITA, KANSAS

October 19-20-21

Quad-State Annual Credit Conference, including Kansas, Missouri, Southern Illinois and Oklahoma.

FORT WORTH, TEXAS

October 20-21-22

Annual Southwest Credit Conference, covering Texas, Louisiana, Arkansas, Oklahoma, New Mexico and Arizona

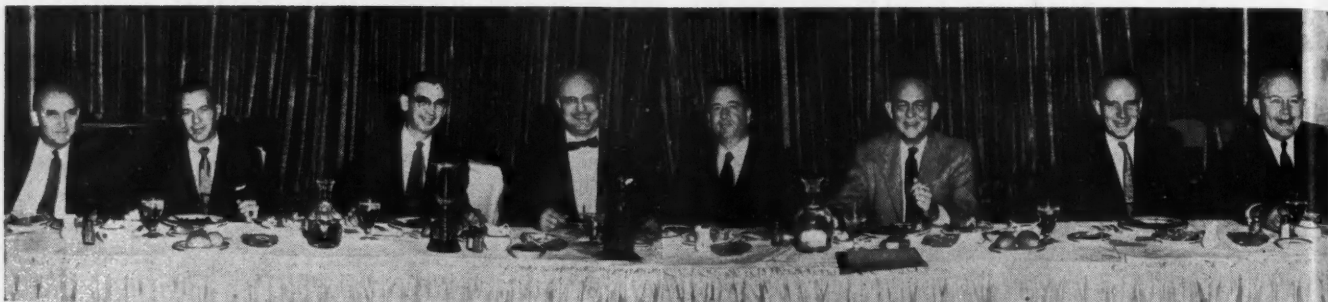
Pre-war Salesmanship Called Dam for Run of Bad Checks

In a recession period the epidemic of bad checks becomes acute, warns Charles C. Miller, credit manager, The Sheraton-Gibson Hotel, Cincinnati, Ohio, who recently aided in the apprehension of a man who had left a trail of checks across five states in one month's time, to the total of \$1,236. When "hungry" businessmen slacken the reins of credit control, the pack of bad check artists closes in for the feast. "A return of the prewar brand of salesmanship will straighten out the situation," Mr. Miller declared in an interview reported in the Cincinnati *Times-Star*.



C. C. MILLER

The hotel industry reflects tightened market conditions in the number of 30-day accounts that become 60 and 90-day accounts, he said. "The number of delinquents who give sickness as the excuse is astonishing." The hotel credit business has mushroomed, declared the executive of 20 years' experience in the industry, "and one-month billings at the Gibson have doubled up in the past few years. The higher amounts are due partly to the increase in the cost of living, and traveling men have found income tax officials are convinced by hotel accounts." Mr. Miller is a past vice president and member of the board of the Cincinnati Association of Credit Men.



HEADLINING ANNUAL DINNER AT ILLINOIS REGIONAL CREDIT CONFERENCE, with the Chicago Association of Credit Men as host. (l to r) Al Potter, executive manager; H. J. Cunningham, credit manager, Stromberg-Carlson Co., treasurer; W. G. Kromer, general credit manager, Quaker Oats Co., director and Credit Groups committee chairman; V. A. Bingham, credit manager, Macwhyte Co., Kenosha, Wis., president; E. Vennard, president of Middle West Service Co., guest speaker; L. T. Hadley, credit manager, Goodman Mfg. Co., first vice president; W. M. Edens, assistant controller, Continental Bank & Trust Co., Chicago, association second vice president; E. E. Diehl, manager of treasury division, Westinghouse Electric Corp., councillor and immediate past president.

Federal Policy Factor in Forecasts, Illinois Conferees Are Told

IN ALL probability the next six months will prove an unusually critical period in our economic affairs. If the new automobiles don't attract many buyers, if the many new homes being started sell slowly, we would face real trouble. If, on the other hand, sales of both are good and if consumers do not generally tighten their purse strings, we probably will have a renewal of the sweeping boom that has characterized the postwar period." Discussing the business outlook before the Illinois Regional Credit Conference at Chicago, Roland I. Robinson, chairman of the finance department and professor of banking, Northwestern University, reminded the credit executives that "governmental policy now must be considered in the forefront of all forecasts."

Calls Status "One of Hesitation"

"It is still too early to say that recovery is clearly underway. The present business scene might be described as one of hesitation," said Dr. Robinson. He cited these complications for the economic forecasters: such recent contradictory developments as "a strong stock market in the face of declining business, and a boom in residential construction the past summer and fall while business capital expenditures have been fading," together with government's tendency to tip the scales with some form or other of economic stabilizer in order to maintain a satisfactory level of economic activity.

Summing up, the analyst sees "a fairly bright picture for the short run but not so bright for the long pull." He thinks "capital expendi-

tures will be maintained surprisingly well by the need for cost reduction in the more competitive conditions ahead (Chrysler and its large retooling outlays, as an example). The easier credit terms promise to sustain housing expenditures for some time. Consumer credit can expand further but the limit appears not far off. New expenditures will depend on attractiveness of the products (new car styles, color television, new appliances). And governmental policy will continue to be stimula-

A good listener is not only popular everywhere, but after a while he knows something.

—Mizner

tive." But "we have enormous potentials for economic instability in our system and we are capable of having great massive swings in business activity."

The credit executives were welcomed officially by Edwin B. Moran, secretary and assistant executive manager of the National Association of Credit Men. Robert L. Rosbe, C.P.A. partner, Arthur Andersen & Co., discussed "The New Tax Law and Its Effect on the Credit Executive," and Edwin Vennard, president, Middle West Service Company, had for his topic "Freedom—Does It Mean the Same to Everyone?"

A panel discussion, "Is There a Doctor in the House?—Treatment and Care of the Ailing Account" gave opportunity to these experts to present their views: J. A. Bourke,

assistant vice president, First National Bank of Chicago; H. J. Cunningham, credit manager, Stromberg-Carlson Co.; H. L. Judd, general credit manager, United States Gypsum Co.; H. S. Lansing, attorney, Blanksten & Lansing; and O. B. Tearney, manager credits and corporate insurance, Inland Steel Co. Paul R. Gross, regional manager, treasury department, United States Steel Corp. was moderator.

Vernon A. Bingham, general credit manager, Macwhyte Co., Kenosha, Wis., president of The Chicago Association of Credit Men, presented the N.A.C.M. award for outstanding service to E. E. Diehl, Westinghouse Electric Corp., past president of the Chicago Association.

Presentation of the Associate Award to M. C. Van Boven, Cooper's, Inc., and the Fellow Award to F. R. Cogswell, A. B. Dick Co. and T. J. O'Keefe, Johnson & Johnson, was made by Leland T. Hadley, credit manager, Goodman Mfg. Co., first vice president of the Chicago Association, conference chairman.

Miss Florence J. Burt, of RCA Victor Distributing Corp., Chicago, president of the Electrical Credit Association, received the Industry Group Award presented by William G. Kromer, chairman of the Credit Groups committee.

Bucher 40 Years with Graybar

H. E. Bucher, district credit manager, Graybar Electric Co., Inc., St. Louis, has completed 40 years of service with that organization. He is a past president of the St. Louis Association of Credit Men and a member for 20 years.

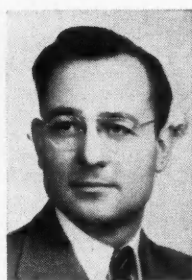
MANAGEMENT IN THE NEWS

Youngstown Bank Executive Was Federal Reserve Examiner

Robert D. Rowland, assistant vice president of The Dollar Savings and Trust Company, Youngstown, Ohio, since 1946, has traveled far afield in the course of the past two decades, but business, home and community interests now root him to his native city of Youngstown. Following graduation from Williams College in 1933, Mr. Rowland went with the Federal Reserve Bank, Cleveland, as assistant bank examiner. He left in 1940 to go with the City Bank, Kent, Ohio, as assistant treasurer. From 1943 to 1946 he was a lieutenant commander, U.S.N.R., operations officer, LST Flotilla Seven in the Pacific theater, which made numerous landings in New Guinea, the Philippines, and Borneo. He is a member of the board of trustees, Youngstown Y.M.C.A., and past general chairman of membership, treasurer of the Youngstown Council of Churches, assistant treasurer, Greater Youngstown Area Foundation. He is president of The Youngstown Association of Credit Men.



R. D. ROWLAND



J. W. MARSTELLER

and graduate degrees of the universities of Wisconsin and Toledo, and is an alumnus of the National Institute of Credit and the Graduate School of Credit and Financial Management. The Fostoria, Ohio, native joined DeVilbiss in 1950 as credit analyst and department manager. He previously had been assistant treasurer, Allied Oil Company, Inc., Cleveland. He now is president of The Toledo Association of Credit Men.



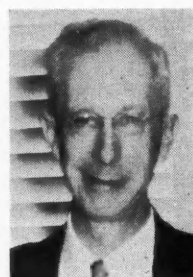
W. C. CANNON



J. B. PENNING

Georgia Tech Graduate Applied Steno Skill to the Oil Industry

Equipped with a B.S.C. in commerce, Georgia Institute of Technology, W. C. Cannon was not one to overlook the future possibilities of a stenographic opening with The Pure Oil Company, which he joined in that capacity in 1930 at the Atlanta office. Followed advancement to zone credit manager at Chattanooga, in 1941, then transfer to Birmingham in 1949 in a similar capacity.



A. M. SUTHERLAND



J. M. WINTON

Fellow and Graduate Degrees Form Core of Credit Capacity

The outward indicators, a ready smile and a friendly manner, which play no small part in a credit executive's success in dealing with others, surround the solid core of professional study and management experience of J. W. Marsteller, credit manager, The DeVilbiss Company, Toledo, Ohio. He received fellow

ity. In 1950 he was appointed to his present post as division credit manager at Charlotte, N.C. He served as president of the Chattanooga Association of Credit Men, 1947-48, president of the Southeastern Petroleum Credit Association, 1950-51, and as a director of the Alabama Association of Credit Executives, 1950. He now is president of the Wholesale Credit Association of the Carolinas, Charlotte. At the time he headed it, the Chattanooga Association won the five-year membership award of the N.A.C.M. and President Cannon is hoping "history will repeat itself this year at Charlotte."

Deer Hunting, Ice Fishing Intrigue Association Head

Following graduation from the University of Grand Rapids with the B.Sc. degree, Jay B. Penning went into the U. S. Navy an enlisted man and came out a lieutenant, senior grade. He attended service schools, Princeton, Harvard and Colorado universities. Seven years ago, after a short period with General Motors, he joined the Johnson Furniture Company, Grand Rapids, Mich., where he is credit manager, with the additional responsibilities of office manager and controller. At 33 years of age he now has been named president of the Grand Rapids Association of Credit Men, one of the youngest presidents the association has had. He is interested in the full range of association activities. His interest in deer hunting, ice fishing and golf are the good fortune of his three sons.

Heads Credit Department He Entered 25 Years Ago

When he completed his studies at Kansas University in 1929, John M. Winton went to work in the credit department of Linde Air Products Company, Kansas City (Mo.), a division of Union Carbide & Carbon Corporation, and he has been there ever since. In 1945 he was advanced to credit manager southwest region. He recently has been elected president of the Kansas City Wholesale Credit Association. Mr. Winton holds the Fellow Award of the National Institute of Credit, N.A.C.M. Fishing and flower gardening run "second" to talking (not bragging, mind you) about his wonderful grandson.

CREDIT AND FINANCIAL REPORTER

□ *Brief Items on Credit Activities and Meetings* □

ATLANTA, GA.—Paul J. Viall, treasurer and director, Chattanooga (Tenn.) Medicine Co., spoke before the Georgia Association of Credit Management on the subject "Count Your Blessings." Mr. Viall is vice chairman of the N.A.C.M. central division membership executive committee and a trustee of the Credit Research Foundation.

SAN FRANCISCO, CALIF.—Harrison H. Fuller, president, Bethlehem Pacific Coast Steel Corp., spoke on "Steel—a Basic Industry" at the luncheon meeting of the Credit Managers Association of Northern and Central California.

SOUTH BEND, IND.—"The New Tax Law and Its Effect on the Credit Executive" was the theme of B. F. Hiss, attorney and C.P.A. with Arthur Andersen & Co., Chicago, at the membership meeting of the St. Joseph Valley Chapter, N.A.C.M.

ROCHESTER, N.Y.—Ranlet Miner, vice president, treasurer and a director of the Pfaudler Co., gave his impressions of European conditions in a talk at the Rochester Credit & Financial Management Association meeting.

CLEVELAND, OHIO—"Obtaining Capital for Small and Medium Sized Businesses" was the subject of John C. Lawrence, vice president, The Chase National Bank of the City of New York, at the educational meeting of The Cleveland Association of Credit Men.

BINGHAMTON, N.Y.—The twenty-fifth anniversary dinner meeting of the Triple Cities Association of Credit Men had as guest speaker Dr. Carl D. Smith, executive director of the Credit Research Foundation, N.A.C.M. Dr. Smith spoke on "Twenty-five Years of Progress—Credit Man vs. Credit Executive." J. Roy Wilbur, of Newell & Truesell, Binghamton, the founding president, was among 14 past presidents of the association present.

PROVIDENCE, R.I.—"The Approach to Present Day Credit Problems" was the subject of William G. F. Price, vice president, Bank of the Manhattan Co., at the meeting of the Rhode Island Association of Credit Men.

GRAND RAPIDS, MICH.—The "ABC's of Business Workshop" of the Muskegon Chapter had S. F. Majestic, assistant manager, international division, Chemical Bank & Trust Co., New York, as principal speaker.

MIAMI, FLA.—"Management Factors" was the topic of Philip Moore, president of the First Research Corp. of Florida, at the session of the South Florida Unit, N.A.C.M.

BALTIMORE, MD.—"Some Probable Effects of the New Federal Income Tax Law" was the topic of Attorney Richard W. Case at the meeting of the Baltimore Association of Credit Men.

LINCOLN, NEB.—C. C. McCracken, president of the Lincoln Equipment Co., and a past president of the Northwest-Central Caterpillar Dealers Association, was guest speaker of the Lincoln Association of Credit Men.

ST. LOUIS, MO.—The Sales Managers Bureau of the St. Louis Chamber of Commerce, the Credit Women's Club of St. Louis, and the St. Louis Association of Credit Men combined to sponsor a panel discussion on "Better Cooperation for More Profitable Sales." A. F. Gerecke, credit and collection manager, Pulitzer Publishing Co., was moderator. Participating were: (for the sales managers) William H.

Bryan, president, Witte Hardware Corp.; Harold D. Duffy, sales manager, S. G. Adams Co.; T. R. Armstrong, vice president and general sales manager, Huttig Sash & Door Co.; (for the credit executives) T. J. Poepping, credit manager, Armour & Co., National Stock Yards, Ill.; Miss Bertha Ridley, credit manager, Glidden Co.; P. J. Wilder, credit manager, Century Electric Co.

At an earlier meeting Stuart E. White, tax manager, Arthur Andersen & Co., St. Louis, discussed the revenue code.

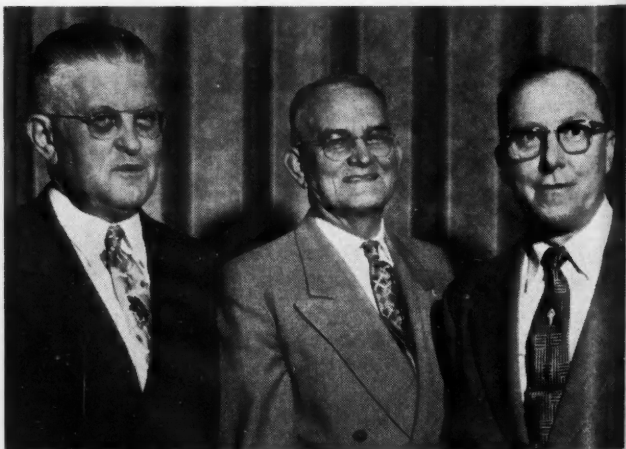
DETROIT, MICH.—"The Human Side of Industrial Engineering" was the subject of John R. Bangs, director of personnel and industrial relations, The Budd Co., Philadelphia, at a regular meeting of the Detroit Association of Credit Men. Mr. Bangs is author of "Factory Management" and several other books on engineering and industrial management.

ROANOKE, VA.—Paul R. Thomson, manager of employee and plant community relations in General Electric Corporation's industrial controls department, Roanoke, was guest speaker at the dinner meeting of the Roanoke Association of Credit Men.

PORTLAND, ORE.—N.A.C.M. president C. Herbert Bradshaw, general credit manager, Bausch & Lomb Optical Co., Rochester, N.Y., was guest speaker at the dinner meeting of the Portland Association of Credit Men. His topic was "Our Priceless Heritage."

KALAMAZOO, MICH.—The Credit Association of Southwestern Michigan in combined meeting with the Kalamazoo Sales Executives Club, heard Dr. Nicholas Nyaradi, professor of economics, Bradley University, Peoria (Ill.). Dr. Nyaradi once held high government posts in Hungary.

TOLEDO, OHIO—A panel discussion, "Increase Sales through Progressive Credit Management," highlighted the "Bosses Night" program of the Toledo Credit Women's Group. William F. Fox, treasurer, Heating Trade Supplies, Inc., was moderator and panelists were: Paul Lewis, The Ohio Citizens Trust Co., and Irvin M. Zimet, executive secretary, The Toledo Association of Credit Men.



LEADERSHIP of the Northwest Conference of Credit Men, Spokane, rests in the hands of (r to l) E. L. Parsells, Bellingham, president; A. L. Olsen, Bellingham, secretary-treasurer; and W. E. Pettibone, Seattle, vice president.